Wisconsin

Deferred Compensation Program

Summary of Recommendations

June 30, 2004

Nationwide®
Retirement Solutions
a Nationwide Financial company

FOREIGN STOCK AND LARGE CAP INVESTMENT OPTION SEARCH August 5, 2004

The Wisconsin Deferred Compensation (WDC) Program Investment Committee requested searches for possible replacements for the T. Rowe Price International Stock Fund and the Janus Fund at the May 2004 Board meeting. The Janus Fund was walled off to new participants as of June 1, 2004; however, the T. Rowe Price International Stock Fund remains open to all participants at this time.

The under performance of both funds compared to their respective peer group universe and appropriate benchmark index have resulted in the current attention to these two options.

The issue is whether the WDC Board should continue offering these options, wall them off to new purchases, or replace them in the Core Investment Spectrum. Both options would be available to participants through the Schwab PCRA account.

Foreign Stock Funds

As of June 30, 2004, the T. Rowe Price International Stock Fund's performance falls below the Morgan Stanley Capital International, Inc. Europe, Australasia, and Far East (MSCI EAFE) Index for the past four calendar years and year-to-date in 2004. The fund had under performed the Morningstar Foreign Stock Category prior to the implementation of the new classifications in mid 2003. The fund is currently classified in the Foreign Large Growth Category. When compared with funds in the Morningstar Foreign Large Growth Category, the fund is in the 40th %tile for the three-year period and the 50th %tile for the five-year period. Performance for the one-year period is in the 59th percentile indicating the fund's more recent performance lags the peer group.

The situation with the T. Rowe Price International Stock Fund is that it isn't good enough to hire and may not be bad enough to fire. It technically does not meet the Board's criteria to remove the fund, however, if the Board wishes to select a better performing actively managed international core mutual fund, other choices are available. The funds resulting from a search of Foreign Stock Large Cap funds yielded the following candidates. As of 12/31/03, the T. Rowe Price International Fund represented 4.60% of plan assets ($61.6 million) with 13,466 participants with balances in the fund.

MFS Institutional International Equity Fund
Harbor International Fund (Institutional Class)
EuroPacific Growth Fund (Class R5)
JP Morgan Fleming International Equity Fund (Select Class)
Dimensional Large Cap International Portfolio

The *MFS Institutional International Equity Fund* (foreign large blend) – is an actively managed foreign large blend fund that normally invests at least 65% of assets in equity securities issued by established companies. It may also invest up to 25% of assets in emerging market securities and currently has 10% invested in emerging market equities. With an expense ratio of 0.78%, this fund has lower expenses than the T. Rowe Price International Stock Fund (0.95%) and has much better performance. Performance exceeds the MSCI EAFE Index and falls within the top decile among foreign large blend funds for the three, and five-year periods. Performance exceeded the MSCI EAFE World Ex-US Index for five of the past six calendar years. Investment style tends to move back and forth between large blend and large growth. Assets are reported at $600 million as of 6/30/04.

The *Harbor International Equity Fund (Investor Class)* (foreign large value) is actively managed by Hakan Castegren, the longest serving manager in the foreign large value group. Castegren and his team rely on a wide-ranging blue-chip value style. Emerging markets exposure is listed as 13% of assets. The fund's expense ratio is 0.86%. Performance exceeds the MSCI World Ex-US Index and falls within the top half of the category for the three and five-year periods. Performance exceeds the Index for seven of the past ten calendar years. Assets are $7 billion.

The *EuroPacific Growth Fund (Class R5)* (foreign large blend), offered by the American Funds, is perhaps the most attractive option available. The fund has low expenses of 0.61%. The management structure utilizes the typical American Funds way of assembling several long-tenured managers as part of a team approach. The fund's assets are $33 billion and portfolio turnover is low. Performance exceeds the MSCI EAFE Index for the three and five-year periods and the foreign large blend category average for the one, three and five-year periods. The fund also beats the MSCI World Ex-US Index for three of the past five calendar years. Emerging markets exposure is approximately 16%.

JP Morgan Fleming International Equity Fund (Select Class)(foreign large blend) tends to perform better than its peers during down markets. Performance exceeds the MSCI EAFE Index and the foreign large blend category for the three and five-year periods. It has out performed the MSCI World-Ex-US Index for three of the past five calendar years. Expenses are 1.10% of assets which is slightly higher than the other candidates, but the investment strategy is solid with a low annual turnover. The fund did announce a recent change in managers where Peter Harrison left to become CIO of International Equities at Deutsche Bank. Howard Williams will be assuming full responsibilities where he has served as part of the five-member team since 1994. Emerging markets exposure is around 5%.

Dimensional Large Cap International Portfolio (foreign large blend) invests in a market-weighted portfolio of the stocks of large non-U.S. companies. Performance tends to track the MSCI EAFE Index. Performance falls within the top one-third of foreign large blend funds for the one, three, and five-year periods and exceeds the MSCI World-Ex US Index for three of the past five calendar years. Emerging markets exposure is around 5%. Expenses are a low 0.43%. The fund has assets of $650 million while the total strategy's assets total $53 billion. Portfolio turnover is very low.

Large Cap Growth Stocks

While the Janus Fund lagged its large growth category peers during the bear market period between 2000 and 2002, performance improved during 2003 where the fund ranked in the top 18% of the category. Performance through the first 6 months of 2004 falls just below the top half of the category.

The past year has been a difficult one for the Janus Capital Management Group. They have experienced a total organizational structure change, some key manager changes, and the market timing investigations from New York Attorney General Elliott Spitzer and other regulatory agencies.

Blaine Rollins has managed the portfolio for over four years with mixed results. The fund has experienced some investment style changes over the longer-term moving from a more conservative value-style portfolio during the periods of 1994 – 1997 to a more aggressive high technology-related securities allocation during the bull market periods of 1998 –2000. Since 2000, the investment strategy has moved towards a more middle-of-the-road risk profile, but the fund still falls within the large growth category.

The Wisconsin Deferred Compensation Program has the Calvert Social Investment Equity Fund (Class I) and the Fidelity Contrafund in the large cap blend category along with the Vanguard Institutional Plus Fund. Without the Janus Fund, there would be no large cap growth-oriented fund. The large participant asset base in the Janus Fund should be considered. As of 12/31/03, the Janus Fund represented over 10% of plan assets ($138.9 million) with 20,312 participants invested in the fund. Participants may prefer to have an actively managed large growth strategy, or a large value strategy could be considered. There are currently no large cap value funds in the WDC. Following are some possible scenarios.

1. Retain the Janus Fund as an option that is walled-off to new participants not already invested in the fund
2. Remove the Janus Fund and do not replace the fund with any actively managed portfolio
3. Replace the Janus Fund with a new large cap growth fund
4. Replace the Janus Fund with a new large cap growth fund and add an additional large cap value fund

Following are candidates from the large cap growth category. All the following candidates have performance that exceeds the Janus Fund for the three and five-year periods.

The Growth Fund of America (Class R5)
T. Rowe Price Growth Stock Fund
Oppenheimer Capital Growth Fund (Class Y)
Vanguard Morgan Growth Fund (Admiral Shares)
American Century Ultra Fund (Institutional Class)

The Growth Fund of America (Class R5) (large growth), offered by the American Funds, is perhaps the most attractive option available. The fund has low expenses of 0.43%. The management structure also employs several long-tenured managers as part of a team management approach. The fund's assets are in excess of $75 billion and portfolio turnover is low. Performance exceeds the S&P 500 Barra Growth Index and the large growth category average for the one, three and five-year periods. The fund also beats the category for seven of the past ten calendar years. The portfolio contains about 15% in non-US equities and 12% in cash. The price, low turnover, low risk profile and successful performance make this option hard to pass.

T. Rowe Price Growth Stock Fund (large growth) has assets around $7 billion. It is relatively low cost with an expense ratio of 0.76% and also has a low turnover ratio. It has out performed the S&P 500 Barra Growth Index for the one, three, and five-year periods and the large growth category for the three and five-year periods. Performance beats the peer group for seven of the past ten calendar years. The risk profile is lower than the average large growth fund due to the fund's growth-at-a-reasonable-price strategy. It is also more diversified than its typical peer. It also has approximately 10% of assets in non-U.S. securities.

Oppenheimer Capital Growth Stock Fund (Class Y) (large growth) is the institutionally priced share class with expenses of 0.78%. Assets are approximately $9 billion. Performance exceeds the peer group and benchmark index for the one, three, and five-year periods. The fund beat the category average for nine of the past ten calendar years. Approximately 10% of assets are invested in non-U.S. securities and less than 5% is in cash. Manager Jane Putnam keeps risk in check by using a growth-at-a-reasonable-price strategy that keeps the fund near the border of the large blend and large growth categories.

Vanguard Morgan Growth Fund (Admiral Shares) (large growth) is one of the lowest cost options available with expense of 0.36%. There is also an asset base around $4.5 billion. Turnover ratio is a little higher than the other choices, but it has been able to out perform the peer group for eight of the past ten calendar years. It also beats the peer group and index for the one, three, and five-year periods. Two of the three managers use an enhanced index approach. Gus Sauter, who also manages the S&P 500 portfolios, benchmarks the MSCI U.S. Prime Market Index, while John Cone benchmarks the Russell Mid Cap Growth Index. Robert Rands, who manages the remaining 40% of the fund's assets, looks for moderately priced growth stocks that have the potential for higher growth. This fund is also more diversified than it's typical peer. It has approximately 6% of assets in non-U.S. securities and less than 5% in cash.

American Century Ultra Fund (Institutional Class) (large growth) is another giant fund with assets around $23 billion. It is relatively low cost with expenses of 0.80%. It has out performed the large growth category average for the one, three, and five-year periods. Performance beats the peer group for seven of the past ten calendar years. The risk profile is lower than the average large growth fund. The fund employs an earnings acceleration strategy and looks for companies that can continue to sustain growth in earnings. It is also more diversified than it's typical peer. It also has approximately 10% of assets in non-U.S. securities. This fund is a standard in many of Nationwide's 8,000 Section 457 deferred compensation plans.

Large Cap Value Stocks

When there is a limited number of investment options there is some risk in maintaining large balances in any one mutual fund. Large cap stock funds typically hold a large portion of the assets in most retirement plans. In the WDC, large cap stocks represent over 40% of the total assets. If Janus is eliminated and not replaced by another large growth fund, there will be only large blend options available. The addition of a large value fund could help to further diversify plan assets into another asset class category that is typically recommended in Nationwide's Section 457 deferred compensation plans.

Large cap value options offer participants exposure to investment performance characteristics that are currently only available through the equity portion of the Vanguard Wellington Fund. Value funds out perform growth funds approximately half of the time. Therefore, the addition of a large cap value fund is worthy of consideration.

Graph: Page 1 of 1 This material is for internal and/or client reporting purposes only and may not be used as sales material or by broker/dealers in connection with the sale of any security. Release Date: 06-30-2004

Correlation of 60 Monthly Returns:

Holding(s) from 07-01-1999 to 06-30-2004

Degree of Correlation

- .70 to 1.0 High
- .11 to .69 Moderate
- .10 to -.10 None
- -.11 to -.69 Moderate Negative
- -.70 to -1.0 Highly Negative

		1	2	3	4	5	6	7	8
1	Cat: Small Blend		0.95	0.70	0.82	0.82	0.83	-0.08	-0.02
2	Cat: Mid-Cap Blend	0.95		0.82	0.91	0.94	0.87	-0.10	-0.02
3	Cat: Large Value	0.70	0.82		0.69	0.89	0.67	-0.14	-0.02
4	Cat: Large Growth	0.82	0.91	0.69		0.94	0.86	-0.19	-0.06
5	Cat: Large Blend	0.82	0.94	0.89	0.94		0.85	-0.16	-0.06
6	Cat: Foreign Large Blend	0.83	0.87	0.67	0.86	0.85		-0.09	-0.12
7	Cat: Intermediate-Term Bond	-0.08	-0.10	-0.14	-0.19	-0.16	-0.09		0.13
8	Cat: Money Market - Taxable	-0.02	-0.02	-0.02	-0.06	-0.06	-0.12	0.13	

Following are candidates from the large cap value category.

Vanguard Windsor Fund (Admiral Shares)
Lord Abbett Affiliated Fund (Class Y)
T. Rowe Equity Income Fund
Fidelity Adviser Equity-Income Fund (Institutional Class)
American Century Large Company Value Fund (Institutional Class)

Vanguard Windsor Fund (Admiral Shares) (large value) is a low cost option with expenses of 0.37%. The management picture maybe a little unsettled at the present time because long-time manager Chuck Freeman retired at the end of June. However, succeeding to the position is David Fassnacht who has been with Wellington Management for 13 years. The fund's assets are in excess of $18 billion and portfolio turnover is low. Performance exceeds the S&P 500 Barra Value Index and the large value category average for the one, three and five-year periods. The fund also beats the category for six of the past ten calendar years. The portfolio contains about 10% in non-US equities and 4% in cash. The price, low turnover, low risk profile and successful performance make this an attractive option.

Lord Abbett Affiliated Fund (Class Y) (large value) averages out in the large value category, however the manager invests in both growth and value securities. The holdings are well diversified and turnover is relatively low. The fund's assets are in excess of $17 billion. Performance exceeds the S&P 500 Barra Value Index and the large value category average for the three and five-year periods. The fund also beats the category for eight of the past ten calendar years. The Portfolio contains about 5% in non-US equities and almost nothing in cash. Expenses are a low 0.50% of assets.

T. Rowe Price Equity Income Fund (large value) has assets around $15 billion. It is relatively low cost with 0.78% and also has a low turnover ratio. It has out performed the S&P 500 Barra Value Index for the three, and five-year periods and the large value category for the one, three and five-year periods. Performance beats the peer group for seven of the past ten calendar years. Veteran manager Brian Rogers looks for stocks trading cheaply relative to their historical price multiples that also pay dividends. By focusing on higher-yielding stocks and favoring names with low price multiples; he has kept volatility modest and losses in check. This fund has approximately 10% of assets in non-U.S. securities and cash combined.

Fidelity Advisor Equity-Income Fund (Institutional Class) (large value) seeks a yield from dividend and interest that exceeds the composite dividend yield of securities comprising the S&P 500 index. The fund has assets around $6 billion. It is relatively low cost with expenses of 0.65% and also has a relatively low turnover ratio. It has out performed the S&P 500 Barra Value Index and the peer group for the one, three, and five-year periods. Performance beats the peer group for seven of the past ten calendar years. It has approximately 5% of assets in non-U.S. securities and very little in cash. However, holdings include about one-fourth of assets in mid cap and small cap securities.

American Century Large Company Value Fund (Institutional Class) (large value) The Investor Class has an inception date of July 1999. Therefore, the fund just completed its first five years in operation. Performance falls within the top half of the category for four of those five years. The fund's assets are in excess of $700 million making this fund a little smaller than the others on the list. Performance exceeds the S&P 500 Barra Value Index and the large value category average for the one, three and five-year periods. The portfolio contains about 10% in non-US equities and cash combined. Seasoned management, disciplined strategy, and steady returns make this fund attractive. Expenses are 0.70% of assets.

PLAN DESIGN COMMENTARY

General commentary on the WDC Core Investment Spectrum

In general, the WDC Core Investment Spectrum provides adequate choices to plan participants in order to diversify their retirement plan accounts and offers significant choice between actively and passively managed funds. The WDC has historically followed a policy of limiting the number of investment options while providing additional choice through the Schwab PCRA (self-directed brokerage option). Participants currently have access to a wide range of investment options from the core investment menu and the Schwab PCRA.

There are a few asset class categories that are not represented in the WDC are typically found in most defined contribution plans (ex: a large value fund). One consideration is that participants hold significant assets with some of the funds offered in the plan. From a fiduciary point of view, the consideration is whether more options offered by the plan would diversify the assets and reduce the risk of the plan's assets or whether fewer options with larger balances are more desirable to keep the investment menu more simplified.

One consideration in amending the current design of the plan is how participants have allocated their current balances and whether changes to the WDC Core Investment Spectrum will significantly impact current participant investments. If you were to design a brand new list of investment options today, you might select a different investment menu. However, once a menu is in place, disruption of the current plan should be considered. Nationwide generally follows a philosophy in counseling retirement plans to retain current options as long as they meet the evaluation criteria and add new funds in asset class categories that are not currently represented.

What is the optimum number of investment options?

The William Mercer Company completed an analysis of the Wisconsin Deferred Compensation Plan in 1996. In the report, Mercer commented that the optimal number of investment options for a defined contribution plan was 10-12 with the average being 16 options. The Mercer study regarding the number of investment options did not distinguish between Section 401(k) and Section 457 plans. It may be that Section 457 plans typically have a higher number of investment options as a result of the generally higher level of due diligence conducted by public entities vs. private entities.

The Nationwide Retirement Education Institute published "VOICE" earlier this year which compiled information and data regarding 457 plans, 401(k), defined benefit plans and others. Page 45 of the report states that the average number of funds available in the average 401(k) plan was 13, while the number of funds for the average 457 plan administered by Nationwide was 41. VOICE also reports that the average number of funds held by participants was 3.6 for 401(k) plans and 3.3 for Nationwide's Section 457 deferred compensation plans.

Of the Section 457 deferred compensation plans currently administered by Nationwide, Wisconsin has the fewest available options. There are some that have in excess of 70. When we see investment menus for plans administered by other providers, we do not find a significant difference in the number of investment options from Nationwide's average.

New RFP requests that Nationwide receives typically require investment menus that offer anywhere from 15 - 30 options. These requests are often driven by consultants. Where no guidance for investment menu content is provided, Nationwide typically recommends 20 - 25 options and typically looks to fill the 9 style boxes for domestic equities plus, foreign, fixed, bond, and asset allocation fund options. The typical Nationwide recommended menu follows:

1-5 Risk-Based Asset Allocation Fund series (5 funds) (Gartmore Investor Destinations)
6. Stable Value Fund
7. Intermediate Term Bond Fund (actively managed or index)
8. High Yield Bond Fund
9.–10. Large Cap Value Fund (actively managed) (2)
11. Large Cap Blend Fund (actively managed)
12. S&P 500 Index Fund
13.-14 Large Cap Growth Fund (actively managed) (2)
15. Mid Cap Value Fund (actively managed)
16. Mid Cap Blend Fund (actively managed or index)
17. Mid Cap Growth Fund (actively managed)
18. Small Cap Value Fund (actively managed)
19. Small Cap Blend Fund (actively managed or index)
20. Small Cap Growth Fund (actively managed)
21. Foreign Large Blend Fund (actively managed)
22. World Stock Fund (actively managed)

There is no right or wrong answer for the optimal number of funds. There can be too few which would not permit plan participants to properly diversify their accounts. There can be too many which may confuse participants with too many choices.

Does a total US. Market index Fund such as one that benchmarks the Wilshire 5000 Index add diversification?

The Wilshire 5000 Index represents the total U.S. equities market. It is comprised of the S&P 500 Index plus the mid cap and small cap market sectors. Currently the S&P 500 makes up approximately 70% of the total value of the domestic equity markets, while mid caps represent approximately 20%, and small caps represent approximately 10% of the market. There is a 98% degree of correlation between the S&P 500 Index fund and the Wilshire 5000 Index for the five-year period ending June 30, 2004. Therefore, a plan should offer either a total stock market index or an index from each of the three asset classes. Generally, offering both does not enhance participant diversification.

Should an asset allocation series of funds be offered? Either a risk-based series or an age-based series provides a check-the-box solution for participants to elect a long-term investment strategy that continually rebalances their accounts. This is a more comprehensive and appropriate strategy than can be obtained by using a Wilshire 5000 Index Fund or by constructing custom portfolios that require periodic maintenance from participants. Nationwide typically recommends a series of five risk-based portfolios designed by Ibbotson Associates to enable participants to manage the portfolio risk of their retirement plan accounts. Nationwide frequently uses the Gartmore Investor Destinations Funds which is a series of five risk-based funds, however, other risk-based and age-based series are also used.

INVESTMENT PERFORMANCE ANALYSIS

1. BAR CHART DESCRIPTIONS AND DEFINITIONS

The following bar charts report annualized returns for each investment option compared with the approved peer group universe and the appropriate benchmark index for the one, three, five, and ten-year periods. The 3-year Morningstar Rating is also shown for each fund that is in the Morningstar Database. Commonly called the star rating, this is a measure of a fund's risk-adjusted return, relative to funds in its category. Funds are rated from one to five stars, with the best performers receiving five stars. The three-year Morningstar Category ranking is the fund's total-return percentile rank relative to all funds that have the same category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Returns are reported from the Morningstar Principia Pro and Lipper databases or were obtained directly from the fund.

2. ZEPHYR CHART DESCRIPTIONS AND DEFINITIONS

Following each bar chart are corresponding charts generated by Zephyr StyleAdvisor that analyze each investment option's performance characteristics. Below is a description of the information illustrated on these charts and how each one can be interpreted.

Manager vs Universe: Annualized Return

This chart is used to analyze returns of the investment option compared to a peer group universe. It is designed to illustrate the returns using 36-month rolling periods ending in December of each year listed. For example, the bar labeled "Jun 2000" is for the period between June 1, 1997 and June 30, 2000. The bars are created using the returns for all funds in the appropriate peer group and are broken down into quartiles. Both the fund being analyzed and the benchmark that it is compared to are plotted on each bar.

A table below the bar chart lists the returns. The returns for the fund, benchmark, each quartile, and the 5th and 95th percentiles are all listed for each time period. Funds pass the comparison when performance falls within the top half of the peer group universe.

Manager Risk/Return

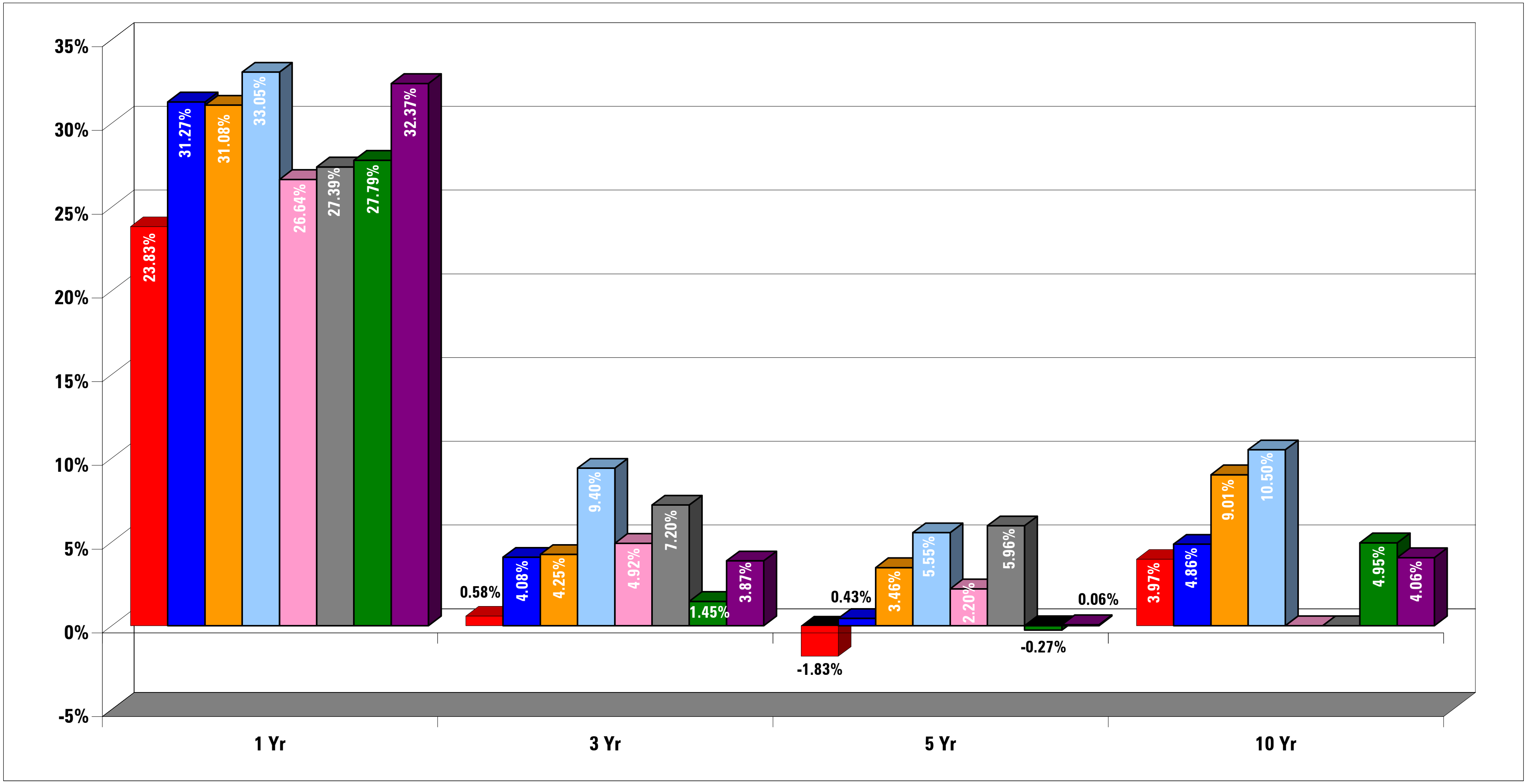
This graph displays the risk/return characteristics of a fund and compares them to a benchmark. It plots returns on the vertical axis and standard deviation on the horizontal axis. The crosshairs represents the peer group universe median. The ideal position for a manager is in the upper left quadrant, illustrating a higher return and lower risk than the universe median. This chart uses a single computation for the manager and benchmark covering the 5-year period from July 1999 to June 2004.

Manager Style

This graph creates a "map" using the style basis as coordinates. The graph is constructed (for equity funds) using the Russell 1000 Growth Index (Large Cap Growth) in the top right corner with the Russell 1000 Value Index (Large Cap Value) in the top left corner. In the bottom right corner is the Russell 2000 Growth Index (Small Cap Growth) and in the bottom left corner is the Russell 2000 Value Index (Small Cap Value). The Zephyr StyleADVISOR analyzes the individual returns of the manager and the benchmark and uses those returns to plot their positions on the graph. This chart uses 36-month rolling periods and plots every period available. The largest dot on the graph illustrates the most recent 36- month period.

FOREIGN STOCK FUNDS

June 30, 2004



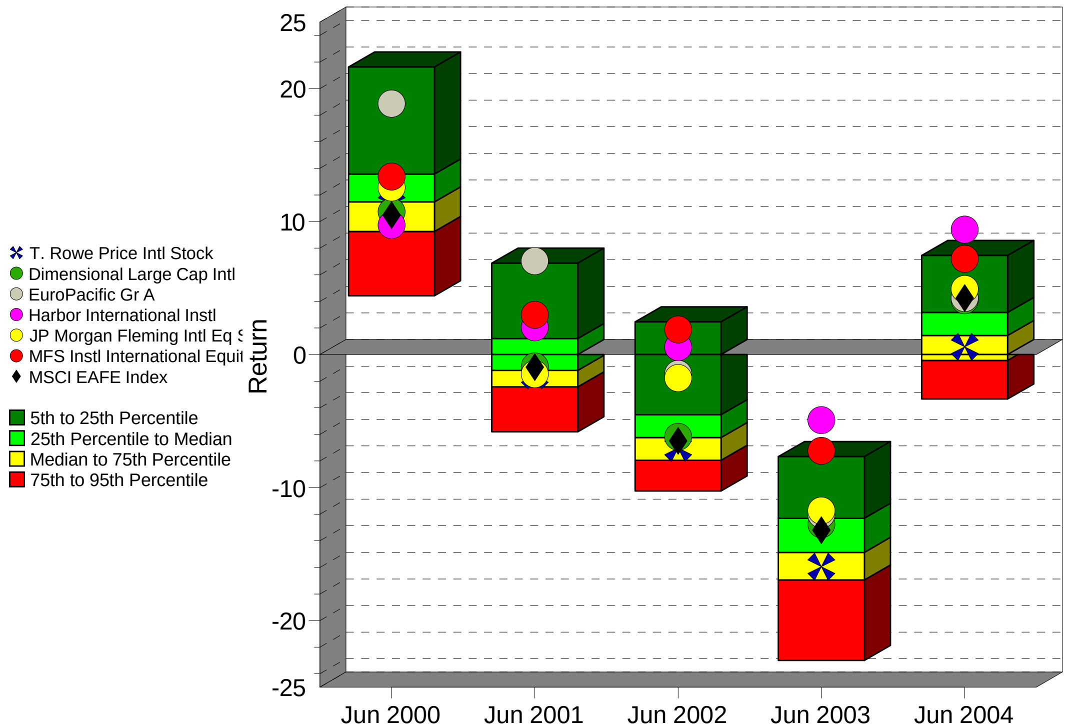
Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
T. Rowe Price International Stock Fund	Foreign Large Growth	Large Cap/Blend	23.83%	0.58%	-1.83%	3.97%	3	**40**
Dimensional Large Cap International Portfolio	Foreign Large Blend	Large Cap/Blend	31.27%	4.08%	0.43%	4.86%	4	**16**
EuroPacific Growth Fund (Class R5) *	Foreign Large Blend	Large Cap/Blend	31.08%	4.25%	3.46%	9.01%	3	**13**
Harbor International Fund (Instl Class)	Foreign Large Value	Large Cap/Blend	33.05%	9.40%	5.55%	10.50%	4	**18**
JP Morgan Fleming International Equity Fund (Select Shares)	Foreign Large Blend	Large Cap/Blend	26.64%	4.92%	2.20%	N/A	4	**10**
MFS Institutional International Equity Fund	Foreign Large Blend	Large Cap/Blend	27.39%	7.20%	5.96%	N/A	5	**5**
Category Average Tot Ret: Foreign Stock / Large Blend Funds	Foreign Large Blend	-	27.79%	1.45%	-0.27%	4.95%	-	-
Benchmark Index: MSCI EAFE Index	-	-	32.37%	3.87%	0.06%	4.06%	-	-

** Returns used for Class A prior to inception of the R5 Class on May 15, 2002.*

Foreign Stock Funds

Manager vs Universe: Return

Morningstar Foreign Stock / Large Blend Universe



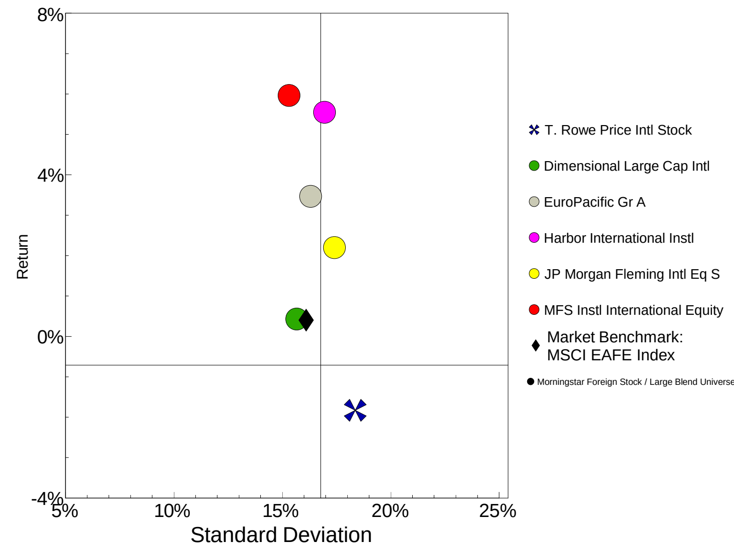
	Jun 2000	Jun 2001	Jun 2002	Jun 2003	Jun 2004
5th Percentile	21.62%	6.87%	2.46%	-7.68%	7.45%
25th Percentile	13.57%	1.21%	-4.52%	-12.31%	3.17%
Median	11.48%	-1.19%	-6.24%	-14.87%	1.44%
75th Percentile	9.25%	-2.43%	-7.95%	-16.95%	-0.44%
95th Percentile	4.42%	-5.81%	-10.26%	-23.00%	-3.34%
T. Rowe Price Intl Stock	11.27%	-1.57%	-7.02%	-15.95%	0.58%
Dimensional Large Cap Intl	10.73%	-0.88%	-6.18%	-12.76%	4.08%
EuroPacific Gr A	18.86%	7.03%	-1.45%	-12.02%	4.25%
Harbor International Instl	9.73%	2.05%	0.56%	-4.93%	9.40%
JP Morgan Fleming Intl Eq S	12.57%	-1.47%	-1.76%	-11.73%	4.92%
MFS Instl International Equity	13.38%	2.99%	1.87%	-7.24%	7.20%
MSCI EAFE Index	10.48%	-0.95%	-6.49%	-13.20%	4.25%

Morningstar Foreign Stock / Large Blend Universe

Manager Risk/Return

Single Computation

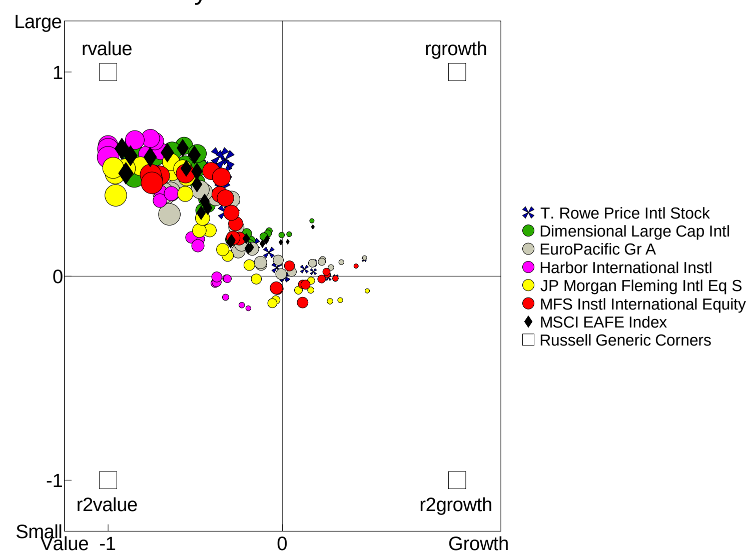
July 1999 - June 2004



Manager Style

36-Month Moving Windows, Computed Monthly

July 1999 - June 2004



Manager returns supplied by: Morningstar, Inc.

Investment Profiles

Security

Manager's View Participant

GO

MORNINGSTAR® DataLab℠

T. Rowe Price International Stock PRITX

Actions

Snapshot | Analysis | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View

Morningstar Take | 07-06-2004
By Eric Jacobson

The manager departure at T. Rowe Price International Stock shouldn't have much effect.

Long-time comanager John Ford elected to take a leave of absence from his duties in March 2004. Ford's responsibility for this fund and some other funds at T. Rowe Price was shifted around some. The good news, however, is that this portfolio remains in the hands of three comanagers who have been with the fund a long time, and each has at least 17 years of experience in the industry.

What increases the likelihood of stability, though, is the fund's stoic style. With some $5.2 billion in assets, the portfolio is among the foreign large-growth category's largest, and it has roughly 90% of its holdings in the large- and giant-cap strata, as well as in developed market issues. Those weightings are both above average for the group. What's more, the portfolio is less concentrated than most; its top-10 holdings' allocation is among the category's smallest, while its breadth of individual issues is among the group's largest. The fund's turnover also has been low.

The fund's solid if not outstanding return profile thus comes as little surprise. In 2003, for example, it endured individual issue stumbles, such as that of GlaxoSmithKline GSK , and also was held back by below-average stakes in mid-caps and emerging markets. Yet it still posted decent numbers, landing just shy of the category's midpoint. Its long-term returns are also around the middle, while its volatility level has been milder than most peers'.

All told, this fund offers a steadily run, diverse portfolio of large- and giant-cap non-US stocks with a modest level of turnover and a comparatively low expense ratio. Even without Ford, it should remain a good if not exciting choice.

Kudos

Consistently churns out solid returns. Low expenses.

Risks

Rarely posts topnotch gains.

Strategy

Management focuses on large caps with good earnings growth and moderate prices. It is no surprise, given the fund's enormous asset base, that managers move slowly and pay attention to diversification. T. Rowe Price applies fair-value pricing to the fund.

Management

A seasoned team of professionals from Rowe Price-Fleming International--one of the most respected international investment houses--runs this fund. It includes Mark Bickford-Smith, David J.L. Warren, and James B.M. Seddon, each of whom has been on the fund for more than nine years, and boasts more than 17 years of industry experience. Long-time comanager John Ford took a leave of absence in March 2004.

Returns	Total Return %	+/- Category
06-04	1.65	-0.81
2003	31.28	-1.87
2002	-18.18	1.05
2001	-22.02	2.19

Fund Family Grade: NA

Role in Portfolio

Core. This fund provides what conservative investors need in an international offering--steady results, a relatively diversified and consistent portfolio, and low expenses.

Inside Scoop

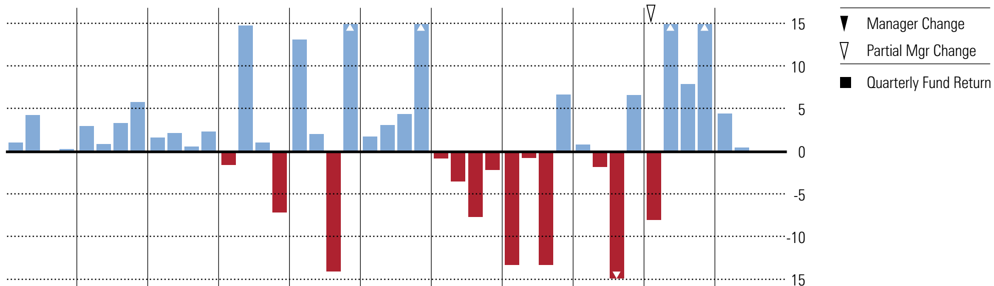
This fund follows a simple, growth-oriented style that pays due respect to stock-price valuations. Management spreads its assets widely across countries, sectors, and individual names. The fund rarely posts impressive gains, but it seldom makes big mistakes.

Dimensional Large Cap International

Data Updated Through 6-30-2004

Benchmark	Morningstar Category	Overall Rating
MSCI EAFE	Foreign Large Blend	★★★★
		Out of 161 funds

Trailing Return	Total Return %	+/- Benchmark	+/- Cat Avg	Category % Rank
1 Mo	2.77	0.45	0.78	15
3 Mo	0.35	0.14	1.32	21
6 Mo	4.70	0.14	1.58	21
YTD	4.70	0.14	1.58	21
1 Yr	31.27	-1.09	3.48	20
3 Yr	4.08	0.21	2.62	16
5 Yr	0.43	0.37	0.70	28
10 Yr	4.85	0.80	-0.09	46
15 Yr	--	--	--	--
Inception	5.81	--	--	34



History

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004--6	
Performance Quartile (within category)												
Total Return %	5.28	13.05	6.35	5.51	18.21	28.50	-13.98	-20.83	-14.62	36.70	4.70	
+/- S&P 500	-2.50	1.84	0.30	3.73	-1.79	1.54	0.19	0.61	1.32	-1.89	0.14	
+/- Cat Avg	5.89	1.84	-6.52	-1.15	4.94	-10.78	1.56	0.51	2.11	3.28	1.58	
Turnover Ratio %	--	--	--	--	--	2.00	1.00	4.00	9.00	1.00	--	
Avg Net Assets (mil)	--	--	--	--	--	177	347	364	330	383	383	
Expense Ratio	--	--	--	--	--	0.53	0.47	0.45	0.44	0.43	0.43	
Stock %	--	--	--	--	--	95.69	94.39	--	94.69	91.66	91.66	
Bond %	--	--	--	--	--	0.03	0.00	--	0.03	0.02	0.02	

Risk/Reward

Morningstar	3-Year	5-Year	10-Year
Rating	★★★★	★★★★	★★★
Risk	2.61	2.41	2.21
Return	2.50	-2.62	0.64
Funds in Rating Group	161	140	64

Versus Benchmark	3-Year	5-Year	10-Year
Alpha	0.24	0.24	0.75
Beta	0.96	0.97	0.97
R-Squared	0.99	0.99	0.99
Tracking Error	1.04	1.03	1.50
Information Ratio	0.20	0.35	0.50
Geo Excess Return	0.20	0.37	0.76

Versus Cat Avg	3-Year	5-Year	10-Year
Alpha	2.49	0.51	0.20
Beta	0.98	0.92	0.95
R-Squared	0.99	0.96	0.92
Tracking Error	1.42	3.31	4.07
Information Ratio	1.75	0.24	0.03
Geo Excess Return	2.50	0.81	0.15

Miscellaneous	3-Year	5-Year	10-Year
Standard Deviation	15.86	15.66	14.73
Sharpe Ratio	0.15	-0.16	0.04
Sortino Ratio	0.21	-0.22	0.05

Manager Information

--- Management Team.

Investment Strategy

Dimensional Large Cap International Portfolio seeks long-term capital appreciation.

The fund invests in a market-weighted portfolio of the stocks of large non-U.S. companies. It invests in companies in Europe, Australia, and the Far East whose stocks are in the largest 50% of market capitalization in each country. The fund may engage in index futures contracts up to 5% of the value of its assets.

Holding Analysis as of 1-31-2003

Composition

	%	#
Cash	6.02	--
U.S. Stocks	0.02	940*
Non-U.S. Stocks	91.64	
Bonds	0.02	4
Other	2.31	4
Total	100.01	944

*Total Stocks

Equity Style %

Value Blend Grwth

Value	Blend	Grwth	
44	15	23	Large
10	3	4	Mid
1	0	0	Small

Market Cap	%
Giant	29
Large	43
Medium	26
Small	3
Micro	0
Avg Mkt Cap (mil)	16,820

Measures	%	+/- Bmark	+/- Cat
Price/Earnings	20.21	-0.34	-1.07
Price/Book	2.36	-2.24	-1.46
Price/Sales	2.04	-0.19	0.12
Price/Cash Flow	10.75	-0.89	-0.88
1 Yr Forward Growth Est	11.76	-2.90	-1.41
3 Yr Trailing Growth Rate	7.81	--	2.13

Fixed-Income Style

Short	Int	Long	
0	0	0	High
0	0	0	Med
0	0	0	Low

Avg Eff Duration [1]	--
Avg Eff Maturity [1]	--
Avg Credit Quality [1]	--
Avg Wtd Coupon	--
Avg Wtd Price	--

[1] as of 1-31-2003

Credit Rating Breakdown	%	Maturity Breakdown	%
U.S. Govt	--	1-3	--
AAA	--	3-5	--
AA	--	5-7	--
A	--	7-10	--
BBB	--	10-15	--
BB	--	15-20	--
B or Below B	--	20-30	--
Not Rated	--	30+	--

Top 20 Holdings

	Style Box	Sector	Mkt Cap $mil	% Net Assets
Pnc Bank	--	--	--	4.32
BP Amoco		Energy	146,552	2.18
Vodafone Grp		Telecom	131,485	2.16
GlaxoSmithKline	--	Health Care	--	2.05
HSBC Hldgs (HK)		Financial	--	1.75
Novartis (Reg)		Health Care	96,394	1.71
Royal Dutch Petro		Energy	92,575	1.51
Nestle (Reg)		Cons Goods	82,886	1.33
Toyota Motor		Cons Goods	93,568	1.25
Total Fina Elf		Energy	91,478	1.24
Royal Bk of Scotland		Financial	61,453	1.15
Roche Holding Ag, Basel	--	--	--	1.09
Nokia		Hardware	71,915	1.08
Shell Transp & Trad		Energy	62,151	1.06
Astrazeneca		Health Care	58,867	1.04
UBS (Reg)		Financial	62,772	0.90
Currency Japan	--	--	--	0.87
Currency Euro	--	--	--	0.82
Nippon Telegraph & Tele		Telecom	59,106	0.78
ENI		Energy	58,747	0.73

Holding Details	%
Assets in top 10 Holdings	19.54
Assets in top 25 Holdings	32.46

Top 3 Sectors	%	+/- Bmark	+/- Cat
Financial Services	20.95	-4.52	-3.53
Consumer Goods	16.37	1.67	-0.08
Industrial Materials	11.21	-0.88	-1.25

Super Sectors	%	+/- Bmark	+/- Cat
Information	17.14	0.10	0.57
Service	41.31	-2.74	-1.57
Manufacturing	41.56	2.64	1.02

Super Regions	%	+/- Bmark	+/- Cat
Americas	0.04	-0.46	-4.73
Greater Europe	68.64	2.79	4.27
Greater Asia	31.32	-2.32	0.54

Operations

Minimum Retail	--	Management Fee	0.25%			Firm Name	Dimensional Investment Group
Minimum Institutional	--	Sales Fees	0.00F	0.00D	0.00R	Phone	--
Inception Date	7-17-1991	12b-1 Fees	--			Web Address	--

Investment Profiles

Security

Manager's View Participant

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Actions

Snapshot | **Analysis** | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View

Morningstar Take | 06-29-2004

By Gareth Lyons

American Funds EuroPacific Growth's many positives outweigh our mild concerns about it.

This fund's assets have grown from $33 billion at the end of 2003 to an all-time high of $42 billion, making it by far the largest foreign offering. For most funds, such an asset base would make it hard for a single manager to build and reduce positions. However, this fund's multimanager setup, low-turnover approach, and limited bets on often-illiquid emerging markets help to mitigate our concerns. Although we're not thrilled about the velocity of recent inflows, we think the fund's structure better lends itself to asset growth than that employed by other funds.

The approach not only allows for greater capacity, but also gives the fund a dynamic quality. A team of portfolio managers runs this offering, with each managing a portion of assets independently. Their approaches are long-term focused and range from value-driven to growth-oriented, giving way to a low-turnover, well-balanced fund that won't necessarily dazzle but will hold steady in varying market conditions. The fund also has an opportunistic streak. For example, the team recently bought more of scandal-tainted oil company Royal Dutch Petroleum RD . That position now shares a top-10 spot with another unloved European firm, grocer Royal Ahold AHO . There's a risk that management's troubled picks could stay that way, but, as the fund's stellar record suggests, the team's patient approach usually pays off.

Lately, the fund has been behaving just as we might expect. An uncertain global outlook has seen many of this fund's largest holdings such as stalwarts Nestle NSRGY and Unilever UN begin to flex their muscles, after trailing for the past 18 months. This fund's 3.5% return for the year to date

Kudos

Consistently strong performance. Solid tax efficiency. Buy-and-hold discipline.

Risks

Above-average emerging-markets exposure. Some sector concentration. Asset growth has picked up.

Strategy

The fund divides assets among several portfolio counselors (managers), whose investment philosophies vary from growth-focused to value-oriented. In the aggregate, the fund's portfolio is well-diversified across countries and sectors, and its price multiples usually stay close to the category norms. Several of the managers like to pick up stocks on the cheap and then hold them for the long haul. The fund's turnover is quite low.

Management

Like all American Funds, this offering boasts many experienced managers, most of whom have been with the company for more than a decade. Each through May 31 bests 90% of its rivals.

While this fund's size can't be ignored, it's clear that it isn't preventing this team from outshining the pack. This remains a splendid option.

Returns	Total Return %	+/- Category
06-04	4.93	1.81
2003	33.24	-0.08
2002	---	---
2001	---	---

Fund Family Grade: 4.0

Role in Portfolio

Core. This is the only international fund most investors need.

manager runs his or her portion of assets independently of the others. A portion of the portfolio (less than 25% of assets) is run by the firm's analyst staff.

Inside Scoop

This fund keeps things simple. It buys the biggest and best foreign companies and holds on to them. At more than $40 billion in assets, it is a behemoth itself.

Investment Profiles

Security

Manager's View Participant

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MORNINGSTAR® DataLab℠

Harbor International Instl HAINX

Harbor Fund

Actions

Snapshot | **Analysis** | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View

Morningstar Take | 06-12-2004
By William Samuel Rocco

Investors are smart not to be put off by this fund's early-2004 struggles.

Harbor International certainly hasn't distinguished itself on the performance front in recent months. Its oversized metals stake has been a burden, as many stocks in that industry have declined on worries about higher U.S. interest rates and slower growth in China. In addition, top holding BHP Billiton BHP is down 6% this year. The fund has also been hurt by its significant positions in emerging-markets energy stocks China Petroleum and Petrobras. Though Ericsson and some other picks have prospered, the fund has gained just 2% and is mired in its category's bottom quartile for the year to date.

Investors seem unperturbed about this underperformance--management says the fund has received about $550 million in inflows this year--and shareholders' resolve makes a lot of sense given management's consistent record of success. The fund earned top-quartile returns in five of the past 10 calendar years, and it posted solid results in four of the other five years. Thus, it boasts a 10% annualized gain over the past decade, which ranks second among foreign large-value offerings and sixth among all foreign large-cap funds.

This strong long-term record isn't the only reason that recent investors in this fund were wise to overlook the recent woes. Hakan Castegren is the longest-serving manager in the foreign large-value group. He was named Morningstar's International Manager of the Year in 1996; and he's supported by four savvy investment professionals, including Jim LaTorre, who had notable success running Harbor International II before it merged into this offering. And Castegren and his team rely on a wide-ranging blue-chip value style that should appeal to blend- and bargain-

Kudos

Impressive long-term record. Buy-and-hold strategy. Relatively low expenses.

Risks

Bias toward financial, consumer-goods, and industrial-materials names leads to problems at times. Strict value discipline and blue-chip bias can slow the fund in go-go growth rallies and hard-core small-cap surges. Has made several sizable capital-gains distributions in recent years.

Strategy

Manager Hakan Castegren looks for undervalued large caps that have strong franchises, good restructuring plans, or other reasons to be optimistic about their earnings prospects. In addition, he considers macroeconomic factors and industry themes. He also has a long investment horizon and rarely hedges the fund's currency exposure. The fund has a 2% redemption fee on shares held fewer than 60 days, and it uses an outside oriented investors.

In short, this fund remains a terrific core international holding.

Returns	Total Return %	+/- Category
06-04	3.53	-2.14
2003	40.95	1.69
2002	-6.38	5.16
2001	-12.25	2.70

Fund Family Grade: NA

Role in Portfolio

Core: With strong long-term returns, limited volatility, low expenses, and a talented manager, this fund is one of the best core international holdings.

service to set fair- value prices in certain situations.

Management

Hakan Castegren, who has run this fund since its late-1987 inception, is the longest-serving manager in the foreign large-value group and was named Morningstar Manager of the Year in 1996. He's supported by four very experienced analysts: Jim LaTorre, Howard Appleby, Jean-Francois Ducrest, and Ted Wendell.

Inside Scoop

Harbor made this value-oriented fund an institutional share class in late 2002, but it opened an investor share class at the same time; and that fund has a modest minimum and reasonable expenses. Moreover, the investment minimum for this fund's institutional share class recently dropped from $100,000 to $50,000.

Investment Profiles

Security

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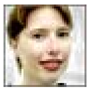
Snapshot | Analysis | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View



Morningstar Take | 01-07-2004
By Marketa Larsenova

JP Morgan Fleming International Equity Fund's low-key ways have charm.

This offering is a tortoise, not a hare. Managers James Fisher and Peter Harrison follow a low-octane, valuation-conscious strategy, zeroing in on companies with strong pricing power and good returns on invested capital selling at a discount to their estimate of earnings growth. Among their latest favorites: energy stocks and financials in continental Europe that are still selling at reasonable multiples and that provide attractive returns on equity. Their sell list includes materials and industrials, as the pair maintains that stocks in these two industries have generally reached their fair value.

In spite of these slight sector preferences, Fisher and Harrison don't subscribe to full-fledged top-down calls. They typically let the fund's country and industry weightings loosely shadow those of the MSCI EAFE Index. Instead, they strive to outperform through stock selection, drawing on the research supplied by JP Morgan's sprawling team of international equity analysts.

This moderate strategy has more than earned its keep over time. Though the fund's 12.1% cumulative loss from September 2000, when the pair took charge here through the end of December 2003 isn't anything to gush about in absolute terms, it still beats the foreign large-blend category norm and the fund's MSCI EAFE bogy by a wide margin. (The fund's typical peer lost a staggering 21.5% over the same period.) And though the offering generally performs better on the defense than on the offense, thanks to its attention to valuation, it didn't fall too far behind its more-aggressive rivals during 2003's rally. Moreover, it has suffered only moderate volatility, as its cheapskate

Kudos

Valuation-conscious, benchmark-conscious approach keeps a lid on volatility. Strong performance during down markets.

Risks

May lag during more-speculative markets. EAFE orientation can mean above-average exposure to the troubled Japanese market.

Strategy

Stock-picking begins with J.P. Morgan's regional research teams. Using quantitative and qualitative measures, these teams look to uncover companies with above-average pricing power relative to industry peers and, consequently, the ability to grow earnings faster than most rivals. The fund's management team then works with sector specialists to home in on the analysts' highest-rated picks, minimizing the fund's tracking error relative to its benchmark, the MSCI EAFE Index, by keeping sector and regional bets fairly modest.

Management

tendencies have helped curb price risk. We think it will appeal to investors looking for a straightforward and relatively safe way to dip their toe in international waters.

Returns	Total Return %	+/- Category
06-04	3.49	0.37
2003	31.93	-1.39
2002	-12.29	4.53
2001	-16.99	4.54

Fund Family Grade: 2.6

Role in Portfolio

Supporting player.

Comanagers James Fisher and Peter Harrison are both managing directors at J.P. Morgan's London office. Fisher, who leads the firm's EAFE funds, has been with Morgan since 1985. Harrison came on board in September 1996 and is currently the head of the firm's Global Portfolios group, a position he has held since 1998.

Inside Scoop

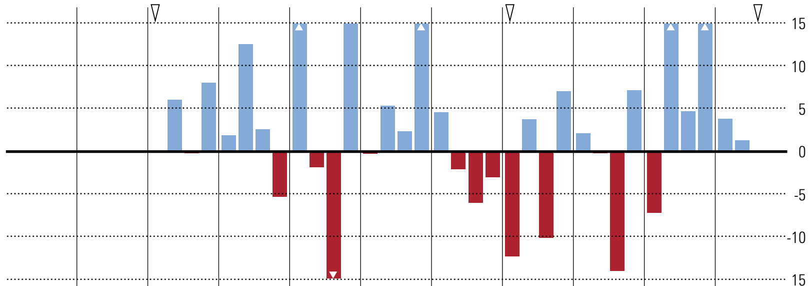
Keeping its sector and regional weightings close to the MSCI EAFE Index's, this fund homes in on attractively valued companies with above-average pricing power relative to their industry peers. A tame approach to international investing makes it worth a look.

MFS Instl International Equity

Data Updated Through 6-30-2004

Benchmark	Morningstar Category	Overall Rating
MSCI EAFE	Foreign Large Blend	★★★★★
		Out of 161 funds

Trailing Return	Total Return %	+/- Benchmark	+/- Cat Avg	Category % Rank
1 Mo	1.51	-0.80	-0.47	71
3 Mo	1.16	0.95	2.13	5
6 Mo	4.91	0.35	1.79	15
YTD	4.91	0.35	1.79	15
1 Yr	27.39	-4.97	-0.40	55
3 Yr	7.19	3.33	5.74	5
5 Yr	5.96	5.90	6.23	6
10 Yr	--	--	--	--
15 Yr	--	--	--	--
Inception	8.56	--	--	22



	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004--6	History
												Performance Quartile (within category)
	--	--	--	10.82	9.28	34.81	-7.18	-12.88	-6.57	31.02	4.91	Total Return %
	--	--	--	9.04	-10.72	7.85	6.99	8.56	9.37	-7.57	0.35	+/- S&P 500
	--	--	--	4.16	-3.99	-4.47	8.36	8.46	10.16	-2.40	1.79	+/- Cat Avg
	--	--	--	--	--	109.00	89.00	65.00	73.00	55.00	--	Turnover Ratio %
	--	--	--	--	--	9	41	58	57	92	92	Avg Net Assets (mil)
	--	--	--	--	--	0.87	0.85	0.86	0.86	0.78	0.78	Expense Ratio
	--	--	--	--	--	86.80	90.35	93.37	96.09	95.79	85.39	Stock %
	--	--	--	--	--	0.00	0.00	0.00	0.00	0.00	0.00	Bond %

Risk/Reward

Morningstar	3-Year	5-Year	10-Year
Rating	★★★★★	★★★★★	No Rating
Risk	1.82	2.33	--
Return	5.57	2.74	--
Funds in Rating Group	161	140	64

Versus Benchmark	3-Year	5-Year	10-Year
Alpha	3.53	5.54	--
Beta	0.77	0.89	--
R-Squared	0.93	0.89	--
Tracking Error	4.94	5.37	--
Information Ratio	0.64	1.09	--
Geo Excess Return	3.20	5.89	--

Versus Cat Avg	3-Year	5-Year	10-Year
Alpha	5.40	5.88	--
Beta	0.80	0.89	--
R-Squared	0.94	0.93	--
Tracking Error	4.57	4.31	--
Information Ratio	1.21	1.47	--
Geo Excess Return	5.56	6.35	--

Miscellaneous	3-Year	5-Year	10-Year
Standard Deviation	13.22	15.31	--
Sharpe Ratio	0.42	0.17	--
Sortino Ratio	0.62	0.27	--

Manager Information

David R. Mannheim. MSM 1988 Sloan School of Management, MIT,BA 1982 Amherst C.

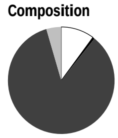
Investment Strategy

MFS Institutional International Equity Fund seeks long-term capital growth.

The fund normally invests at least 65% of assets in equity securities issued by established companies whose principal activities are located outside of the United States; it may invest up to 25% of assets in securities of companies located in emerging-markets. The fund normally maintains investments in at least five foreign countries. It may also engage in various derivatives transactions for non-hedging purposes.

Holding Analysis as of 5-31-2004

Composition



	%	#
Cash	10.10	--
U.S. Stocks	0.61	75*
Non-U.S. Stocks	84.78	
Bonds	0.00	0
Other	4.52	0
Total	100.01	75

*Total Stocks

Equity Style %

Value	Blend	Grwth	
21	36	34	Large
2	3	4	Mid
0	0	0	Small

Market Cap	%
Giant	23
Large	53
Medium	23
Small	0
Micro	1
Avg Mkt Cap (mil)	18,738

Measures	%	+/- Bmark	+/- Cat
Price/Earnings	21.50	0.95	0.22
Price/Book	5.16	0.56	1.34
Price/Sales	2.13	-0.10	0.21
Price/Cash Flow	13.40	1.76	1.77
1 Yr Forward Growth Est	14.88	0.22	1.71
3 Yr Trailing Growth Rate	4.95	--	-0.73

Fixed-Income Style

Short	Int	Long	
0	0	0	High
0	0	0	Med
0	0	0	Low

Avg Eff Duration [1]	--
Avg Eff Maturity [1]	--
Avg Credit Quality [1]	--
Avg Wtd Coupon	--
Avg Wtd Price	--

[1] as of 5-31-2004

Credit Rating Breakdown	%	Maturity Breakdown	%
U.S. Govt	--	1-3	--
AAA	--	3-5	--
AA	--	5-7	--
A	--	7-10	--
BBB	--	10-15	--
BB	--	15-20	--
B or Below B	--	20-30	--
Not Rated	--	30+	--

Top 20 Holdings	Style Box	Sector	Mkt Cap $mil	% Net Assets
Merrill Lynch Repo Repo 1.01 6/1/04	--	--	--	5.88
Cash & Cash Equivalents	--	--	--	4.56
Reckitt Benckiser		Cons Goods	19,178	3.11
Vodafone Grp		Telecom	160,317	2.39
AXA		Financial	36,609	2.23
Air Liquide		Materials	17,323	2.19
Roche Holding		Health Care	62,202	1.99
Canon		Cons Goods	43,380	1.96
News		Media	55,102	1.95
Hennes & Mauritz		Cons Svcs	20,480	1.91
Schneider Electric		Materials	15,258	1.87
TOTAL		Energy	117,274	1.81
Telefonica		Telecom	72,078	1.74
UBS		Financial	77,278	1.71
AstraZeneca		Health Care	78,873	1.66
Toyota Motor		Cons Goods	120,513	1.65
QBE Insurance Grp Ltd		Financial	5939	1.64
Kingfisher		Cons Svcs	12,225	1.56
AMVESCAP		Financial	5372	1.54
Erste Bank		Financial	8695	1.53

Holding Details	%
Assets in top 10 Holdings	28.20
Assets in top 25 Holdings	52.28

Top 3 Sectors	%	+/- Bmark	+/- Cat
Financial Services	22.91	-2.56	-1.57
Consumer Goods	16.30	1.60	-0.15
Industrial Materials	12.39	0.30	-0.07

Super Sectors	%	+/- Bmark	+/- Cat
Information	19.66	2.62	3.09
Service	43.15	-0.90	0.27
Manufacturing	37.19	-1.73	-3.35

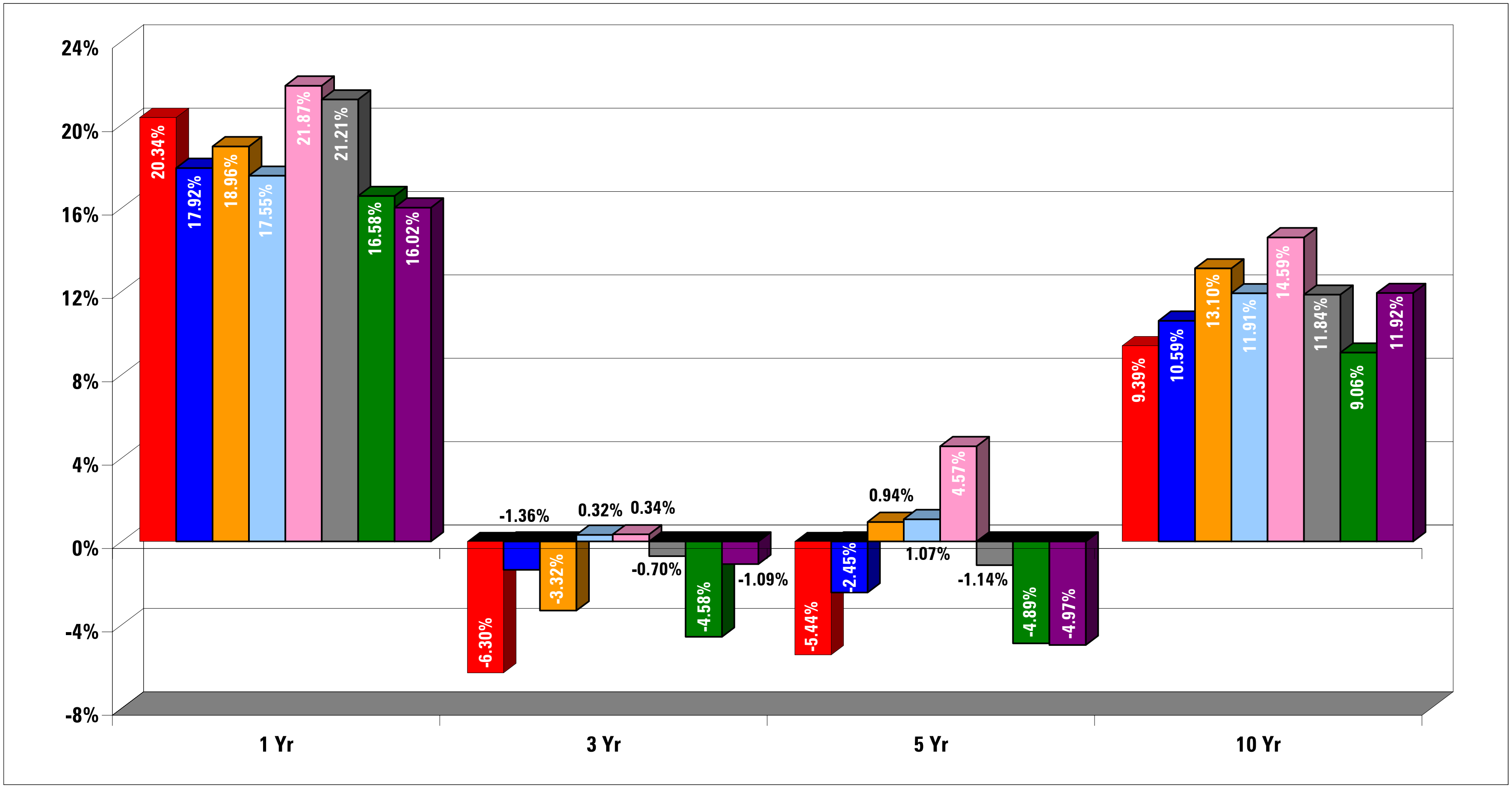
Super Regions	%	+/- Bmark	+/- Cat
Americas	8.21	7.71	3.44
Greater Europe	66.11	0.26	1.74
Greater Asia	25.67	-7.97	-5.11

Operations

Minimum Retail	--	Management Fee	0.75%			Firm Name	MFS
Minimum Institutional	--	Sales Fees	0.00F	0.00D	0.00R	Phone	--
Inception Date	1-30-1996	12b-1 Fees	--			Web Address	--

LARGE CAP GROWTH FUNDS

June 30, 2004



Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
Janus Fund	Large Cap Growth	Large Cap/Growth	20.34%	-6.30%	-5.44%	9.39%	2	70
American Century Ultra Fund (Instl Class) *	Large Cap Growth	Large Cap/Growth	17.92%	-1.36%	-2.45%	10.59%	4	18
Oppenheimer Capital Appreciation Fund (Class Y) **	Large Cap Growth	Large Cap/Growth	18.96%	-3.32%	0.94%	13.10%	3	34
T. Rowe Price Growth Stock Fund	Large Cap Growth	Large Cap/Growth	17.55%	0.32%	1.07%	11.91%	5	10
The Growth Fund of America (Class R5) ***	Large Cap Growth	Large Cap/Growth	21.87%	0.34%	4.57%	14.59%	4	10
Vanguard Morgan Growth Fund (Adm Shares) ****	Large Cap Growth	Large Cap/Growth	21.21%	-0.70%	-1.14%	11.84%	4	14
Category Average Tot Ret: Large Cap Growth Funds	Large Cap Growth	-	16.58%	-4.58%	-4.89%	9.06%	-	-
Benchmark Index: S&P 500 Barra Growth Index	-	-	16.02%	-1.09%	-4.97%	11.92%	-	-

** Returns used for Investor Class prior to inception of the Institutional Class on November 14, 1996*

** Returns used for Class A prior to inception of Class Y on November 3, 1997

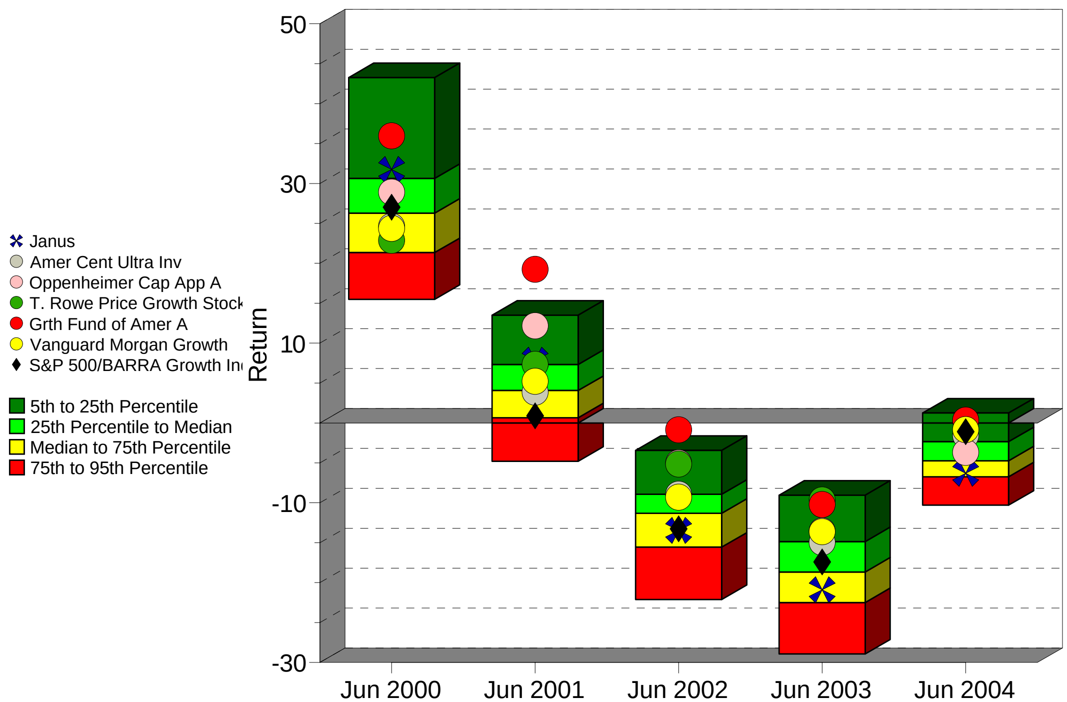
**** Returns used for Class A prior to inception of the R5 Class on May 15, 2002.*

**** Returns used for Investor Shares prior to inception of the Admiral Shares on May 14, 2001.

Large Cap Growth Funds

Manager vs Universe: Return

Morningstar Large Cap Growth Universe



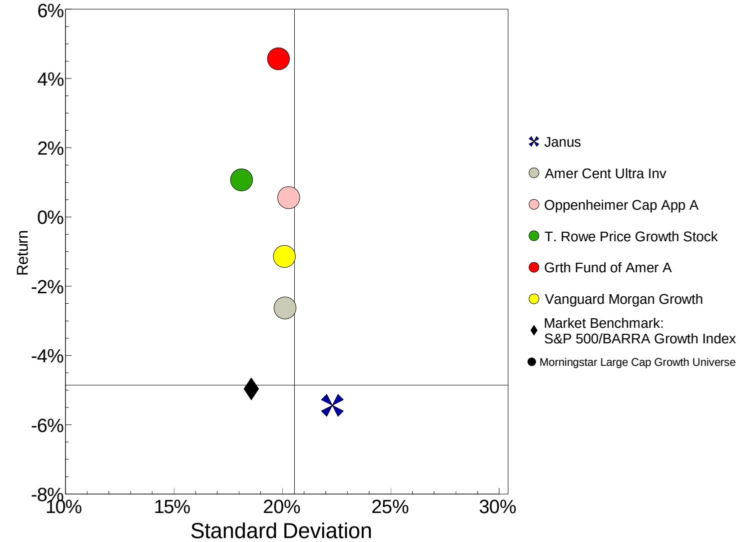
	Jun 2000	Jun 2001	Jun 2002	Jun 2003	Jun 2004
5th Percentile	43.26%	13.50%	-3.44%	-9.04%	1.24%
25th Percentile	30.64%	7.33%	-8.93%	-14.85%	-2.35%
Median	26.29%	4.07%	-11.31%	-18.67%	-4.75%
75th Percentile	21.35%	0.66%	-15.55%	-22.49%	-6.74%
95th Percentile	15.48%	-4.80%	-22.11%	-28.94%	-10.30%
Janus	31.76%	7.87%	-13.46%	-20.89%	-6.30%
Amer Cent Ultra Inv	24.63%	3.87%	-8.93%	-14.97%	-1.58%
Oppenheimer Cap App A	28.91%	12.18%	-4.99%	-13.53%	-3.67%
T. Rowe Price Growth Stock	22.88%	7.34%	-5.15%	-9.66%	0.32%
Grth Fund of Amer A	35.95%	19.26%	-0.86%	-10.20%	0.34%
Vanguard Morgan Growth	24.39%	5.22%	-9.29%	-13.62%	-0.84%
S&P 500/BARRA Growth Index	27.03%	0.89%	-13.25%	-17.40%	-1.09%

Morningstar Large Cap Growth Universe

Manager Risk/Return

Single Computation

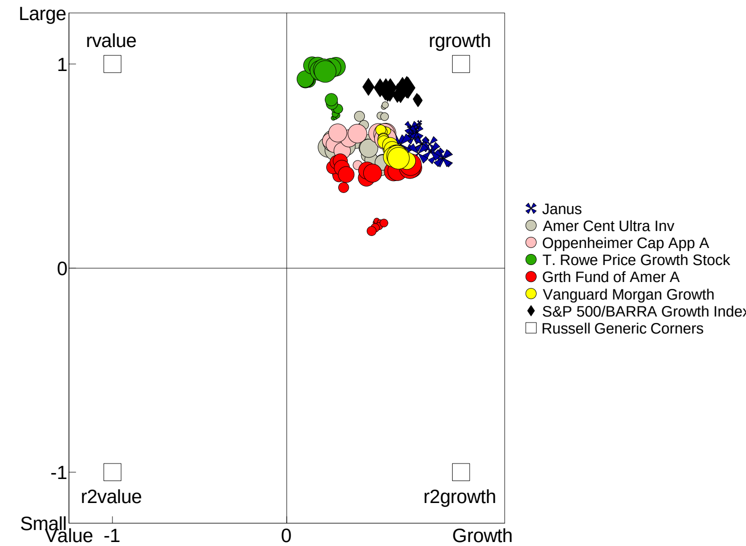
July 1999 - June 2004



Manager Style

36-Month Moving Windows, Computed Monthly

July 1999 - June 2004



Manager returns supplied by: Morningstar, Inc.

Investment Profiles

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Janus JANSX

Actions

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Morningstar Take | 05-18-2004
By Dan McNeela

With Janus making key reforms, performance issues at Janus Fund are at center stage.

In a flurry of activity during April 2004, Janus took many steps to show fundholders that it's serious about winning back their trust. Two top executives, including former CEO Mark Whiston, left the firm. Janus also announced a preliminary settlement with industry regulators, which included restitution, fines, and fee concessions totaling $225 million. In conjunction with its previous actions to beef up compliance, we think investors can once again believe that they'll be dealt with fairly.

Janus also made what could turn out to be an important addition to its investment team. The firm hired Gary Black from Goldman Sachs and appointed him chief investment officer. Black, who brings an analyst background from Sanford Bernstein, says two areas of focus will be valuation and risk controls. That comes as good news to investors who got burned with Janus' aggressive-growth funds during the downturn.

Although the Janus Fund fared better than many of its siblings during the bear market, it took its share of lumps. From the peak of the bull market on March 10, 2000, through Oct. 9, 2002, the fund lost a cumulative 61% while Morningstar's large-growth category average lost a still harrowing 57%. The ensuing rally has been a relief across the board, but since the market hit bottom on Oct. 9, 2002, the fund has only matched its category peers.

Certainly, the fund has been fighting an uphill battle, given its long-running emphasis on media stocks. Of the 12 sectors tracked by Morningstar, only telecom stocks have had a tougher go of it during the past five years. The fund's media woes have continued in 2004, with cable operator

Kudos

Although it's definitely not for the meek, the fund is somewhat more conservative than some other big-cap growth funds at Janus. Manager Blaine Rollins amassed a strong record at Janus Core Equity JAEIX and Janus Balanced JABAX before taking over here in late 1999.

Risks

While Janus has agreed to settlement terms with regulators, the recent market-timing and Janus' handling of it are a negative mark against the firm. A big asset base limits management's flexibility in buying and selling the fund's biggest holdings and crimps Rollins' forays into mid-cap names. Large ownership stakes (more than 5% of outstanding shares) in numerous holdings, which raises liquidity concerns. Sector bets create potential for volatility.

Strategy

The fund mixes pricey, high-growth stocks with more-stable growth names. Like most Janus managers, Comcast CMCSA suffering.

Janus has made progress on the regulatory front, and we like Rollins' long-term approach, but the proof has to be in the pudding before we turn more positive on this fund.

Returns	Total Return %	+/- Category
06-04	2.34	-0.08
2003	31.71	3.16
2002	-27.56	0.08
2001	-26.10	-4.12

Fund Family Grade: 3.2

Role in Portfolio

Core. It's a growth-oriented fund, which has meant a lot of volatility. It's best paired with a more conservative offering.

Blaine Rollins prizes companies that have significant free cash-flow yields and can deliver strong returns on invested capital. Rollins also likes firms that are able to steal market share from their competitors. For a fund of its size, it parks a lot of assets in its top holdings, and not all of its stocks are the biggest blue chips.

Management

Blaine Rollins has managed this fund since January 2000, after longtime manager Jim Craig stepped down. Prior to his stint here, Rollins had successful runs at Janus Balanced JABAX and Janus Core Equity JAEIX .

Inside Scoop

Now that Janus has agreed to settlement terms with industry regulators over a market-timing scandal, investors can start thinking anew about this firm. The Janus Fund hasn't been very special in recent years, however. Manager Blaine Rollins looks to the long term with his picks, buying for large- and mid-cap companies that can deliver excess cash flow.

Investment Profiles

Security

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American Century Ultra Inst TWUIX

Actions

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Morningstar Take | 05-18-2004
By Christopher Davis

What American Century Ultra Fund lacks in speed, it makes up for in endurance.

Like all American Century large-growth offerings, this offering employs an earnings-acceleration strategy. The challenge of this approach isn't finding companies growing their earnings at increasing rates--the widespread availability of earnings data makes spotting those sorts of names easy. Rather, the trick is in identifying firms that can sustain such growth in the quarters to come.

That's no mean feat, as this fund's occasional stumbles attest. For example, in 2000, failing to appreciate how dramatically the falloff in corporate spending would affect the tech sector's fortunes, management clung too long to many of its favorites in the sector, resulting in a bottom-quartile showing for the year. The team also was slow to recognize the revival in that area in 2003, which dampened returns last year.

Yet, on balance, management has acquitted itself well over time. The fund notched top-quartile finishes in 2001 and 2002 thanks to a clutch of better-performing consumer-staples picks such as Altria Group MO , which were buoyed by steadily improving earnings. The fund has also looked relatively strong this year. With earnings at brand-name drugmakers coming under increasing pressure, management opted for strong-faring generic drugmakers (Teva Pharmaceuticals TEVA and Boston Scientific BSX) and managed-care providers (UnitedHealth Group UNH). Moves like these have pushed the fund past peers over the long haul, as evidenced by the fund's fine long-term returns. Meanwhile, volatility has been well below the group norm and even the S&P 500 Index.

Although we consider the fund a worthy core growth option,

Kudos

Solid long-term record earned with below-average volatility. Experienced management.

Risks

Huge asset base limits flexibility. Big-cap bias hurts when smaller-cap fare leads the way. Expenses should be lower given the fund's growth in assets.

Strategy

Like all American Century growth offerings, management focuses on companies with accelerating earnings-growth rates. Although the fund has exposure to traditional growth sectors, such as health care and technology, management will also pick up less-conventional industrial or consumer-staples stocks that meet its criteria. In a concession to the fund's size, management has recently cut turnover and now seeks companies that the fund can own for two to three years. Management is also far less likely to make the huge sector bets that were once the norm at this fund.

we think it could be cheaper. Assets are up nearly threefold over the past decade, but its expense ratio hasn't budged. American Century should cut the fund's costs to a level that's commensurate with its size.

Returns	Total Return %	+/- Category
06-04	5.28	2.86
2003	26.08	-2.47
2002	-22.99	4.65
2001	-14.35	7.63

Fund Family Grade: 3.6

Role in Portfolio

Core. The fund's focus on the largest of the large-cap names means that investors will want to pair it with a smaller-cap growth offering.

Management

Jim Stowers III has been part of this fund's management team since 1981. Bruce Wimberly, Jerry Sullivan, and Wade Slome handle day-to-day management. Wimberly has been at the helm since 1996. Sullivan came aboard in 2001. Slome joined the management team in 2002 after serving as one of the fund's analysts. Four analysts are dedicated to the fund.

Inside Scoop

Management looks for stocks with improving earnings and revenues. That approach tends to lead this fund to traditional growth haunts such as tech and health care, but it has been flexible enough to look elsewhere. As one of the largest growth offerings around, the fund keeps turnover below average and sticks mostly with big caps.

Investment Profiles

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Oppenheimer Capital Appreciation Y OTCYX

Actions

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Morningstar Take | 05-12-2004

By David Kathman

Oppenheimer Capital Appreciation continues to get the job done for growth investors.

This offering's growth-at-a-reasonable-price (GARP) strategy causes it to straddle the line between large-blend and large-growth territory. Such funds often tend to lag behind more explicitly growth-oriented funds during roaring bull markets, but that hasn't been the case here. This fund has beaten the large-growth category in each of the past five years and eight of the past 10, including very solid relative performance in the growth-led markets of 1999 and 2003 as well as the pessimistic depths of the recent bear market.

The person responsible for this record is manager Jane Putnam, who has been in charge here for nearly a decade. She doesn't deviate from the essentials of her GARP style, but she has done a good job over the years of adding value by judicious stock-picking and sector-shifting. For example, a move into leisure stocks paid off big last year when holdings such as Royal Caribbean Cruises RCL and International Game Tech IGT took off, but Putnam has since trimmed those holdings on valuation concerns.

Many of Putnam's recent moves have been into stable mega-cap stocks, especially industrials and health-care names. She has been buying General Electric GE , now the fund's top holding, and has added big pharma stocks such as Eli Lilly LLY and Novartis NVS , whose drug pipelines she thinks are being underestimated by the market. In tech, she has moved out of smaller cyclical stocks such as Sanmina SANM and into big, longer-term secular growers such as IBM IBM , which she thinks will benefit from broad economic growth over the next few years.

We've been pleased with this fund's long-term performance.

Kudos

Good long-term returns. Experienced skipper at the helm.

Risks

The fund's growth tilt can be a burden when those names are out of favor.

Strategy

Manager Jane Putnam invests in mid- to large-cap companies with strong earnings growth, sustainable competitive advantages, and reasonable valuations. Her attention to valuations puts the fund in the large-blend category, but it still has significant exposure to traditional growth sectors such as technology and media. She maintains a broadly diversified portfolio and tends to limit individual positions to 5% of assets. The upshot of this approach is that the fund is best suited for investors looking for moderate growth exposure.

Management

Jane Putnam took the reins of the fund from Bob Doll in

ALso, we like that it keeps risk in check but isn't just another index-hugger. Its expenses are below average among large-growth load funds, adding to the appeal. For investors in load funds who want a nice core fund with a growth tilt, this offering fits the bill.

Returns	Total Return %	+/- Category
06-04	2.33	-0.09
2003	29.95	1.40
2002	-25.96	1.68
2001	-12.40	9.58

Fund Family Grade: NA

Role in Portfolio

Core. The fund recently moved from the large-blend category to the large-growth category, and it has always hovered between the two. It's worth considering as a core fund with a significant growth tilt.

June 1995, after managing a variable annuity with the same style for a year. Before joining Oppenheimer in 1994, she was a research analyst and portfolio manager with Chemical Bank for five years.

Inside Scoop

This fund doesn't do anything spectacular, but it gets the job done. It looks for large-cap stocks with good growth prospects and reasonable price tags; it misses some winners as a result, but has been a solid long-term performer overall.

Investment Profiles

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T. Rowe Price Growth Stock PRGFX

Actions

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Morningstar Take | 05-17-2004
By Christopher Davis

Staying a step ahead of the competition gives T. Rowe Price Growth Stock Fund its edge.

This offering is more conservative than most large-growth funds, but that doesn't mean that manager Bob Smith favors slow growers. In fact, the portfolio's aggregate growth rates approximate or exceed those of its typical peer. But Smith doesn't pay up for that growth, as the fund's below-average price multiples attest.

Smith achieves this feat by running the fund with a contrarian bent. When investors fled from technology and Internet stocks like Cisco Systems CSCO and Yahoo YHOO in 2002, for instance, Smith scooped them up at depressed prices. As such names rebounded sharply in 2003's rally, the fund rose 31%, landing just outside of the category's top quartile. Smith also beat the pants off his rivals in the 2000 to 2002 bear market, thanks to the fund's light tech weighting through much of the period and winning picks such as WellPoint Health Networks WLP , which he bought after the stock stumbled in 1999.

More recently, Smith has set his sights on firms that lagged in 2003's buoyant market but still stand to benefit from an ongoing recovery in the economy, citing big-cap stocks like AIG AIG and Microsoft MSFT as examples. That tack has yielded mixed results so far this year, but given the big run that smaller, speculative names enjoyed in 2003, blue chips like those are looking relatively attractive.

All told, we think there's a lot to like here. Thanks to Smith's ability to deliver strong results in various markets, the fund boasts a topflight long-term record. Moreover, his attention to valuation and diversification has tempered volatility. The fund's modest 0.77% expense ratio also gives him a big edge. The fund won't suit those seeking chart-topping gains.

Kudos

Fine long-term record earned with below-average volatility. Experienced management. Modest expenses.

Risks

Moderate-growth strategy and above-average foreign stake could hold the fund back in speculative markets or when international stocks falter. Extra foreign exposure needs to be taken into account when slotting this fund in one's portfolio.

Strategy

Bob Smith uses a growth-at-a-reasonable-price approach, paying particular attention to financially sound companies with strong management teams and ample free cash flows. His growth leanings push the fund into the large-growth camp, but the fund is more diversified by sector than its typical peer. Smith also gives more attention to foreign blue chips than most of his rivals do: The fund often has 10% to 15% of assets invested abroad, considerably above the category norm.

But long-term investors seeking a relatively mild-mannered, core growth holding should find it a terrific choice.

Returns	Total Return %	+/- Category
06-04	2.55	0.13
2003	31.23	2.68
2002	-23.00	4.64
2001	-9.79	12.19

Fund Family Grade: NA

Role in Portfolio

Core. Given its broadly diversified portfolio of large-cap stocks, seasoned management, and moderate expenses, this offering has the makings of a solid core holding. The fund's returns have been closely correlated with those of the S&P 500 Index, so investors will want to avoid overlap with other S&P 500-like funds. Its growth-oriented style may make it too volatile for the most conservative investors. Those who already have a lot of large-cap international exposure might also want to look elsewhere.

Management

Bob Smith has been at the helm of this offering since 1997. He's supported by T. Rowe Price's deep analyst bench domestically and overseas. Smith says he splits about 70% of his personal investment holdings between this fund and his other charge, T. Rowe Price Global Stock Fund PRGSX , which he's helped run since 1995.

Inside Scoop

This offering sticks to a growth-at-a-reasonable-price strategy. The result is a fairly well-diversified portfolio with lower price multiples than the large-growth average. An added quirk is the fund's above-average stake in overseas holdings.

American Funds Grth Fund of Amer R5 RGAFX

Morningstar Take | 05-16-2004
By Paul Herbert

This fund remains a formidable offering, but we find its asset growth concerning.

Given how popular it has been recently, American Funds Growth Fund of America should consider running for president. From March 31, 2003, through April 30, 2004, its asset base has nearly doubled, growing from $38.1 billion to $75.7 billion. Investor support for the fund is a referendum on its strong performance, especially during the 2000 to 2002 bear market, and American Funds' ability, at least so far, to keep from being involved in the nearly nine-month mutual-fund scandal.

All of this attention could be too much of a good thing, though. Morningstar studies have shown that asset growth can make it hard for a fund to continue to execute its strategy as well as it had when smaller. To take meaningfully sized positions in their stock holdings, managers of larger funds must buy more shares. But buying more shares can drive up the price of a stock. (And, selling more shares can drive down prices.) These trading costs, also known as market-impact costs, can eat away at a fund's returns.

We haven't seen clear evidence of this phenomenon at Growth Fund yet. American Funds employs a multiple-manager approach that keeps any one manager from running tens of billions of dollars solo. This system, combined with the firm's low-turnover ethic, likely creates more capacity for its funds. Still, given how large the fund has become--it's now the largest actively managed equity mutual fund--we'd like to see the firm articulate a closing plan.

Because of the fund's tremendous growth and the firm's silence on the matter, we're removing this fund from our

Kudos

Very experienced managers. Good tax efficiency. Solid long-term returns. Shareholder-oriented advisor.

Risks

Although the fund is fairly tame by growth standards, it still carries more price risk than S&P 500-like offerings. The fund's giant size makes it difficult for the managers to establish and exit positions as easily as smaller funds can. Asset growth can lead to moderate performance. Low expenses, but they've ticked up slightly in recent years.

Strategy

The fund's six-member team of portfolio managers invests independently of each other but with a common flexible growth strategy. The team will invest in a mix of traditional growth stocks, turnaround situations, and cyclical names. The resulting portfolio is well diversified across industries and individual issues. Management also tends to park a good chunk of assets large-growth Analyst Picks. It continues to offer many advantages over its competitors, but unchecked growth could lead to moderate performance.

Returns	Total Return %	+/- Category
06-04	4.68	2.26
2003	33.25	4.70
2002	---	---
2001	---	---

Fund Family Grade: 4.0

Role in Portfolio

Core. An excellent choice to anchor the growth portion of one's portfolio.

in cash at times, and the team is very sensitive to how much it pays for a stock. As a result, it may not be a chart-topper when speculative fare rules the roost, but the fund tends to be less volatile than most growth offerings.

Management

First-rate. Six seasoned managers with an average of 28 years of experience call most of the shots here, and a huge staff of career analysts also runs a part of the fund. Each counselor manages money without the input of his five counterparts.

Inside Scoop

This fund's risk-conscious nature may hold it back at times relative to its peers, but it has delivered over time. Its long-term returns are among the group's best, though volatility has been below average. Experienced managers and low expenses add to its appeal.

Investment Profiles

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Vanguard Morgan Growth Adm VMRAX

Actions

Snapshot | **Analysis** | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View

Morningstar Take | 05-19-2004
By Jeffrey Ptak

Vanguard Morgan Growth is a good fit for investors seeking a moderate growth approach.

This fund spreads its wings widely. Spanning more than 300 names and the full panoply of sectors, big bets on individual names or slices of the market are not part of the game plan here. Further, with nearly 40% of assets in mid-caps and a big slug of stocks in the blend column of the style box, the fund's portfolio is both smaller and less expensive than its typical large-growth peer's.

That profile is no accident. Vanguard farms out management of the fund to a trio of managers. The firm's own Gus Sauter and Franklin Portfolio Associates veteran John Cone assemble roughly 60% of the portfolio using quantitative stock-picking models. Because both Sauter and Cone optimize their sleeves of the portfolio to their respective benchmarks--essentially, shearing off any sector and market-cap biases in the process--they provide a widely diversified base. This sets the table for the fund's third manager, Robert Rands of Wellington Management, who manages the balance of the portfolio using a more freewheeling all-cap growth attack that emphasizes high-quality firms boasting entrenched market positions.

This model has been quite successful in limiting the fund's downside risk while providing punch in more-buoyant climates. For example, the fund staved off deeper losses during the bear market thanks to its portfolio's below-average price multiples and wide diversification. By contrast, the fund kept pace during 2003's tech-led rally when Rands ferreted out a raft of winners in the biotech, Internet, and e-commerce areas. All told, the fund has posted very consistent results, topping its typical peer in 84 of the past 120 rolling one-year spans, without excessive volatility. The

Kudos

Strong long-term returns. Experienced management. Low, low costs.

Risks

Fund can lag in giant-cap-dominated markets. Less tax-efficient than many of its peers. Unlikely to ever top the performance charts.

Strategy

Two of the fund's three managers, John Cone and Gus Sauter, use enhanced-index approaches. Based on a recent prospectus change, Cone now attempts to beat the Russell Midcap Growth Index, while Sauter tries to better the MSCI U.S. Prime Market Growth Index. Robert Rands, who manages 40% of the portfolio, looks for moderately priced growth stocks that have the potential to surge. Although it has a growth bias, the portfolio is still fairly well diversified across sectors and individual issues, typically courting less price risk than most of the funds in the category.

Management

All three of the fund's

fund's low expenses have no doubt contributed to that fine risk/reward profile.

We think it's a strong option to anchor the growth slot of a portfolio.

Returns	Total Return %	+/- Category
06-04	4.21	1.79
2003	33.91	5.36
2002	-23.38	4.26
2001	---	---

Fund Family Grade: 3.8

Role in Portfolio

Core. This fund is still steady enough to fill the core slot in most investors' portfolios.

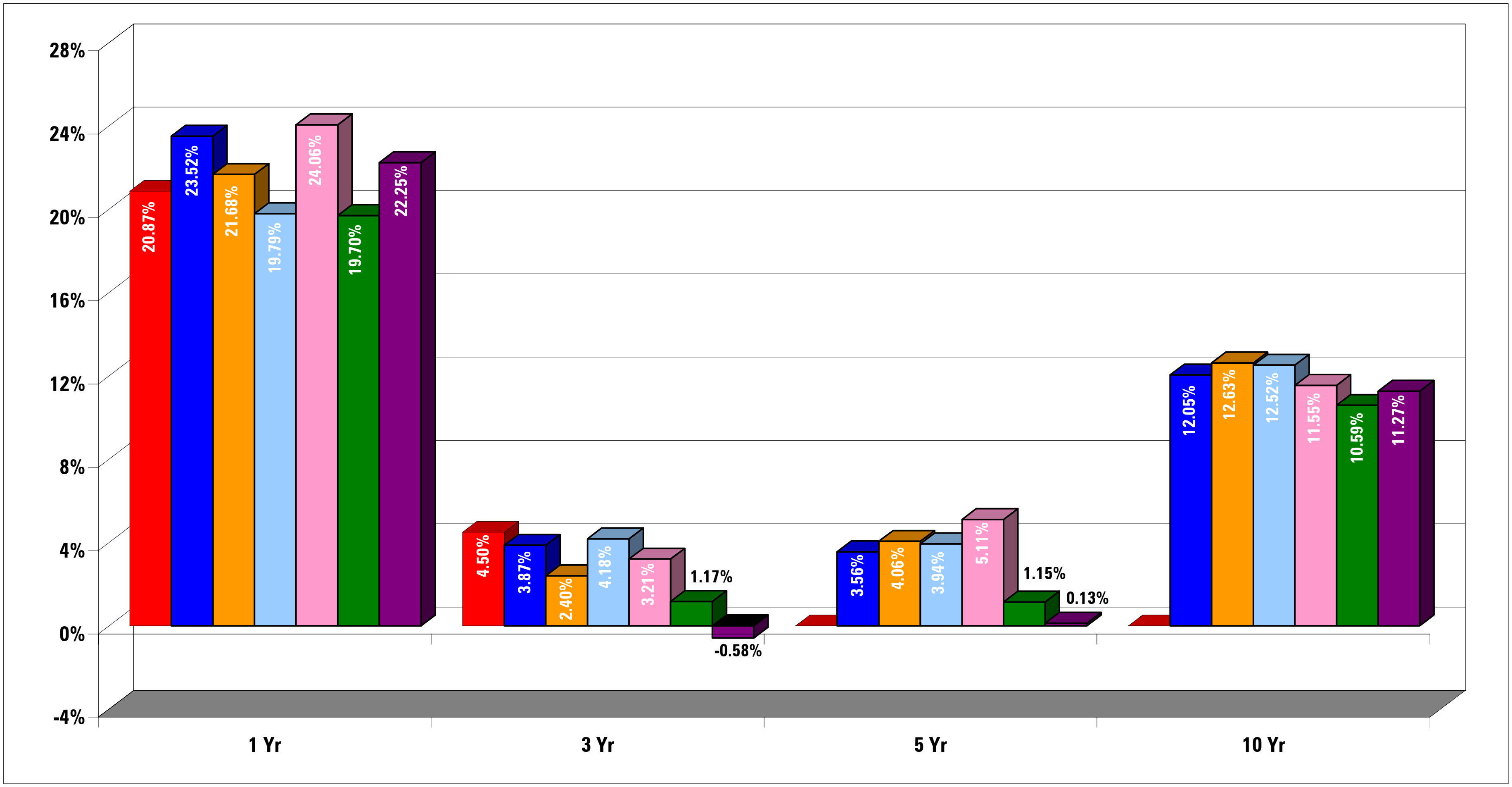
managers are highly experienced. In addition to his indexing duties, Gus Sauter (who arrived in May 1993) has done a fine job at Vanguard Strategic Equity VSEQX . Wellington Management's Robert Rands (who took the helm in March 1994) has put up fine numbers at several accounts, and John Cone (who was added to the team in April 2000) has guided Vanguard Growth & Income VQNPX to strong returns.

Inside Scoop

Several cooks don't necessarily spoil the broth. Vanguard splits this fund's assets among several talented advisors who invest in midsize and large companies. Helped by low expenses, the fund boasts competitive long-term returns. But how does it stack up against Vanguard's slate of other large-growth offerings?

LARGE CAP VALUE FUNDS

June 30, 2004



Fund Name	Morningstar Category	Equity Style Box	Total Return 1 Yr	Total Return 3 Yr	Total Return 5 Yr	Total Return 10 Yr	Mstar Rating 3 Yr	% Rank Category 3 Yr
American Century Large Company Value Fund (Instl Class) *	Large Cap Value	Large Cap/Value	20.87%	4.50%	N/A	N/A	4	11
Fidelity Advisor Equity Income Fund (Instl Class)	Large Cap Value	Large Cap/Value	23.52%	3.87%	3.56%	12.05%	4	15
Lord Abbett Affiliated Fund (Class Y)	Large Cap Value	Large Cap/Value	21.68%	2.40%	4.06%	12.63%	3	32
T. Rowe Price Equity Income Fund	Large Cap Value	Large Cap/Value	19.79%	4.18%	3.94%	12.52%	4	13
Vanguard Windsor Fund (Adm Shares) **	Large Cap Value	Large Cap/Value	24.06%	3.21%	5.11%	11.55%	4	22
Category Average Tot Ret: Large Value Funds	Large Cap Value	-	19.70%	1.17%	1.15%	10.59%	-	-
Benchmark Index: S&P 500 Barra Value Index	-	-	22.25%	-0.58%	0.13%	11.27%	-	-

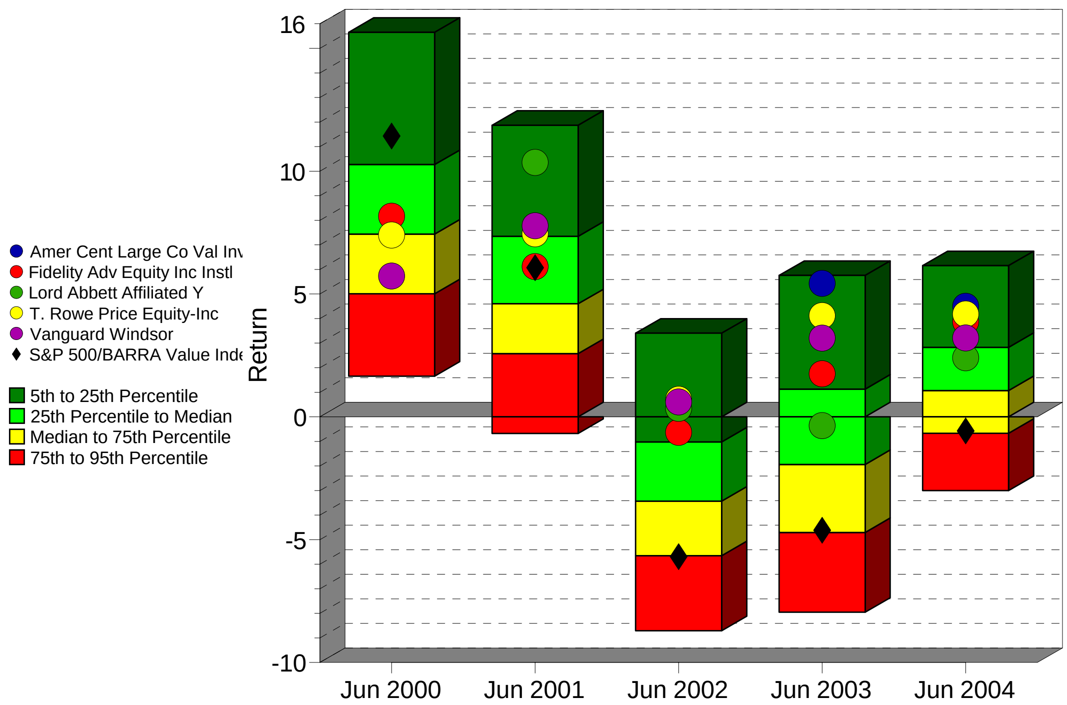
** Returns used for Investor Class prior to inception of the Institutional Class on August 10, 2001.*

*** Returns used for Investor Shares prior to inception of the Admiral Shares on November 12, 2001.*

Large Cap Value Funds

Manager vs Universe: Return

Morningstar Large Cap Value Universe



	Jun 2000	Jun 2001	Jun 2002	Jun 2003	Jun 2004
5th Percentile	15.65%	11.87%	3.40%	5.76%	6.15%
25th Percentile	10.27%	7.35%	-1.02%	1.13%	2.83%
Median	7.44%	4.60%	-3.43%	-1.94%	1.07%
75th Percentile	5.01%	2.58%	-5.65%	-4.71%	-0.67%
95th Percentile	1.66%	-0.68%	-8.71%	-7.95%	-3.00%
Amer Cent Large Co Val Inv	N/A	N/A	N/A	5.43%	4.50%
Fidelity Adv Equity Inc Instl	8.17%	6.12%	-0.63%	1.75%	3.87%
Lord Abbett Affiliated Y	N/A	10.36%	0.35%	-0.36%	2.40%
T. Rowe Price Equity-Inc	7.40%	7.45%	0.71%	4.12%	4.18%
Vanguard Windsor	5.73%	7.78%	0.60%	3.20%	3.21%
S&P 500/BARRA Value Index	11.43%	6.07%	-5.69%	-4.62%	-0.57%

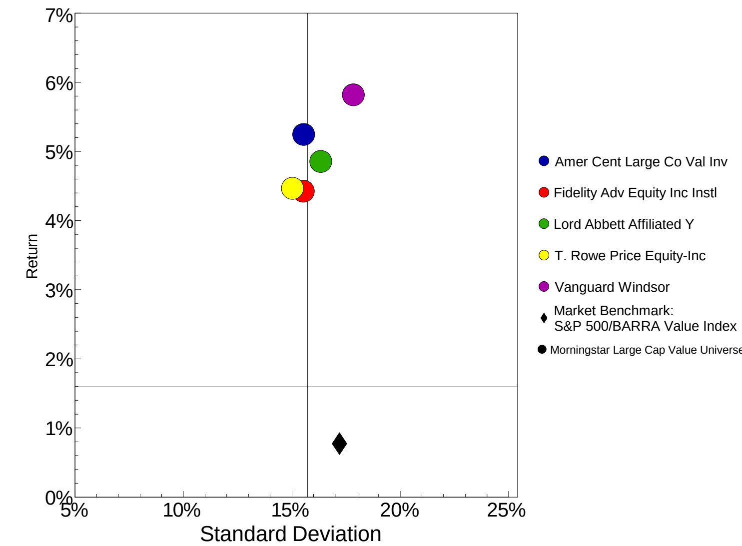
Morningstar Large Cap Value Universe

Manager returns supplied by: Morningstar, Inc.

Manager Risk/Return

Single Computation

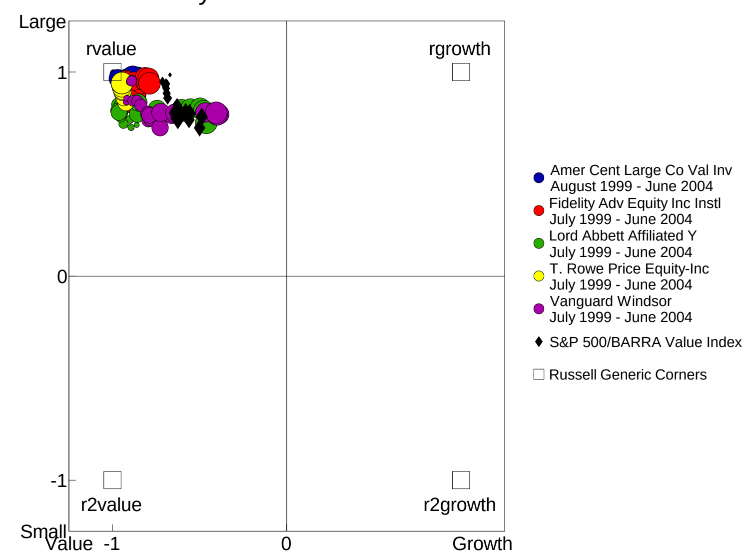
August 1999 - June 2004



Manager Style

36-Month Moving Windows, Computed Monthly

July 1999 - June 2004



Investment Profiles

Security

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MORNINGSTAR® DataLab℠

American Century Large Co Val Inst ALVSX

Actions

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Morningstar Take | 04-06-2004
By Dan Culloton

American Century Large Company Value is solid.

The management team is experienced and practices a clearly defined, low-turnover style that has kept transaction and tax costs low and volatility, as measured by standard deviation, in line with its large-value peers and bogies. Returns also have been consistent. The fund's annualized gain of 5.4% from its July 1999 birth through March 5, 2004, is better than 85% of its peers, and it has finished each of the last four years in its peer group's top half.

The fund doesn't do anything fancy. It relies on quantitative screens and fundamental research to find companies with sustainable business models and shares trading below their historical valuations due to transitory issues. The fund would rather buy a firm's stock before it fixes its problems because if the portfolio waits for changes, the shares will be too expensive. The portfolio's stake in large pharmaceutical stocks, such as Bristol-Myers Squibb BMY and Abbott Laboratories ABT , is a good example. Worries about thin product pipelines, patent expirations, and other matters have weighed on drug stocks, but the managers still think they are high-quality companies that will snap out of their product funk.

The one problem with this fund is you can't buy its cheapest shares. The investor share class is closed to new investors. The offering's other share classes all cost less than average for large-value funds with similar commission structures, but they remain more costly than the investor class.

Seasoned management, disciplined strategy, steady returns, and reasonable costs make this fund a keeper. But new investors who want this strategy at a better price, should check out American Century Capital Value ACTIX . That fund

Kudos

Fund has been consistently above average since inception. Straightforward approach. Risk-conscious. It doesn't make big bets on stocks, sectors, or the shares of deeply undervalued companies. Experienced management.

Risks

Fund's record is limited. Management is willing to bet bigger on its top names. American Century in 2003 closed the no-load shares of this fund to all investors. Investors have to pay a sales load and a higher expense ratio to own the fund now.

Strategy

The fund follows a fairly typical value strategy, screening for stocks that look cheap by a variety of measures and then choosing those with decent growth prospects and solid balance sheets. Management tries to avoid big sector bets.

Management

Charles Ritter and Mark Mallon have been with this fund since its 1999 is nearly the same as this one, but its no-load shares are still open and charge a lower expense ratio than the A, B, C, and Advisor class shares of this offering. Capital Value also is tax-managed, which makes it a better choice for taxable accounts.

Returns	Total Return %	+/- Category
06-04	4.05	0.59
2003	29.22	0.82
2002	-13.29	5.58
2001	---	---

Fund Family Grade: 3.6

Role in Portfolio

Core

inception. Ritter's previous record managing several funds at Federated isn't particularly inspiring, but he was part of a large team, so it's hard to evaluate individual performance. Ritter and Mallon also manage American Century Capital Value ACTIX in a nearly identical manner. They're assisted by portfolio manager Brendan Healy and analyst Lon West, who came from USAA.

Inside Scoop

This fund has fared well since its 1999 inception, and it's generally a good, a no-nonsense large-value offering. It looks for stocks with good business models trading at discounts to their historical valuations.

Investment Profiles

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Fidelity Advisor Equity Income Instl EQPIX

Actions

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Morningstar Take | 04-12-2004
By Greg Carlson

Fidelity Advisor Equity Income Fund is a solid, dependable option.

This offering has become a model of consistency under manager Bob Chow. After he took the helm in March 1996, the fund initially struggled. However, its troubles owed mainly to a hefty stake in Treasury bonds bought by Chow's predecessor. Since Chow reshaped the fund to his liking, the fund has finished in the top half of the category in five of the last six years.

There have been several keys to the fund's success. One is Chow's middle-of-the-road approach to value investing. He avoids both dirt-cheap, troubled firms and companies in pricey sectors that look cheap compared only to their rivals. Instead, he opts for underpriced names with healthy profit outlooks. As a result, the portfolio's price multiples are typically in line with the group norm. What's more, although large-cap stocks predominate here, Chow often holds a sizable slug of mid-cap names, and a smattering of small-cap fare as well. Finally, although Chow favors firms that throw off plenty of free cash, and thus tilts toward financial, consumer goods, and media stocks, the fund is nevertheless broadly diversified across sectors, as well as individual holdings. The upshot of this moderate tack is that no matter what type of stocks are in favor, the fund typically doesn't run too hot or too cold.

Chow's current positioning promises more of the same. Although the fund's cash stake at the end of February was a minuscule 1.7%, that doesn't mean Chow is putting the pedal to the metal. In fact, he believes that most names offer only limited upside potential, so he's buying a number of appealing stocks within each sector: The number of holdings in the fund has increased from 230 in November

Kudos

Solid long-term record. Wide diversification has muted volatility. Reasonable expenses. Seasoned manager.

Risks

The fund's measured approach means it won't shine in growth rallies.

Strategy

This is a pretty plain-vanilla large-value fund. Manager Bob Chow looks for companies with relatively low valuations and solid earnings prospects that throw off copious cash flow. He spreads the fund's assets across a range of sectors and stocks.

Management

Bob Chow has managed this fund since March 1996. He is assisted by Fidelity's vast analyst staff. Previously, he ran several of the firm's sector funds, including Fidelity Select Automotive Fund FSAVX and Fidelity Select Industrial Materials Fund FSDPX .

Inside Scoop

A broadly diversified,

2002 to more than 300 at the end of February 2004.

Given Chow's already-temperate style, we don't expect that change to water down returns. This fund holds plenty of appeal.

Returns	Total Return %	+/- Category
06-04	5.48	2.02
2003	29.16	0.76
2002	-15.20	3.67
2001	-1.88	2.18

Fund Family Grade: NA

Role in Portfolio
Core.

traditional value approach is the name of the game here. That straightforward strategy has rewarded shareholders with strong returns and limited volatility.

Investment Profiles

Security

Manager's View Participant

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MORNINGSTAR® DataLab℠

Lord Abbett Affiliated Y LAFYX

Actions

Snapshot | Analysis | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View

Morningstar Take | 04-09-2004
By Langdon Healy

Lord Abbett Affiliated Fund is a viable core holding.

This fund offers what most investors should look for in a core holding--broad diversification across stocks and industries. Because it has a large-cap orientation, it provides exposure to the dominant portion of the market. The managers' investment style is value-leaning, with the fund landing in Morningstar's large-value category, but they own a mixture of growth and value stocks, and most of their holdings are situated on the cusp of the value and blend columns of the style box.

The managers aim to ferret out undervalued securities, so they are willing to establish or add to an existing holding when the headlines are focused on a company's weaknesses. For example, this fund (along with other Lord Abbett offerings) was a big buyer of Disney DIS following the 9/11 terrorist attacks. While the managers recognized that the company was headed for a period of weakness, they believed that other investors were overreacting to a relatively short-term problem and that its long-term prospects were good. They proceeded to stick with the stock even as it declined substantially after they bought it. Their patient style has since paid off, as Disney has rallied well above where it was trading when they bought it. The managers believe Disney's value is greater than the takeout bid put forth by Comcast CMCSA --another of the fund's top 20 holdings.

Management's investment approach incorporates the search for inflection points within industries. The team is thus quite willing to make significant industry and sector bets, such as a current play on agriculture-related companies, including Deere & Company DE , Caterpillar CAT , and Monsanto MON . Management doesn't let its enthusiasm for an

Kudos

Solid record. Generally successful stock-picking.

Risks

Sector rotation can be tricky.

Strategy

Eli Salzmann and other senior Lord Abbett managers use company-specific fundamental analysis to gauge the strength of an industry. Looking for inflection points, they will overweight an industry when its macroeconomic conditions are improving--if they can find undervalued, financially sound firms to buy. They use a dividend-discount model to help pick stocks.

Management

Eli Salzmann has worked on the fund since 1997 and took over as lead manager in 1998. He is assisted by Bob Morris, Stan Dinsky, and Ken Fuller, members of Lord Abbett's large-cap team.

Inside Scoop

This fund's management team uses a combination of industry overwhelm its commitment to sector diversification, however, and this team has executed extremely well over time.

We think the fund is worth a look.

Returns	Total Return %	+/- Category
06-04	3.75	0.29
2003	31.25	2.85
2002	-18.43	0.44
2001	-7.63	-3.57

Fund Family Grade: 3.9

Role in Portfolio
Core

industrywide and company-specific analysis to determine sector-allocation decisions. Although stock selection is ultimately based on company-specific analysis, making good sector bets is difficult to execute on a consistent basis. Still, management has been on the mark more often than not.

Investment Profiles

Security

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T. Rowe Price Equity-Income PRFDX

Actions

Snapshot | **Analysis** | Quote | Returns | Ratings & Risk | Portfolio | Operations | Manager's View

Morningstar Take | 04-16-2004
By Christopher Davis

This fund shows boring can be beautiful.

T. Rowe Price Equity-Income is anything but flashy. Veteran manager Brian Rogers looks for stocks trading cheaply relative to their historical price multiples. He also requires most of his picks to pay above-average dividends--the portfolio's aggregate dividend yield is about 1.5 times that of the S&P 500 Index. Moreover, as the fund's modest turnover suggests, Rogers invests for the long haul, typically sticking with his picks through bumpy patches. For instance, he continues to raise his bet on large-cap drug firms such as Merck MRK , a longtime holding, and more-recent addition Johnson & Johnson JNJ , despite the industry's ongoing malaise. Rogers says the companies have decent growth prospects, solid balance sheets, and sell at a discount to the overall market.

This conservative approach can make the fund look sluggish at times. That was the case in 2003 when the fund's light technology weighting and dividend focus put it at odds with investors clamoring for smaller, more-speculative names in pricier realms, such as the tech sector. Despite gaining 26% last year, the fund placed in the large-value category's worst third. Matters have improved only slightly in 2004, with struggling big pharma picks such as Bristol-Myers Squibb BMY dragging the fund to its group's bottom half.

Nevertheless, the fund's superb long-term returns vindicate Rogers' strategy. By focusing on higher-yielding stocks and favoring names with low price multiples, he has kept volatility modest and losses in check. In fact, the fund's 13% slide in 2002 marked just its second calendar-year loss in Rogers' 19-year tenure. Meanwhile, Rogers' deft stock-picking has consistently goosed returns. The fund's moderate costs--which give it a leg up over pricier rivals and

Kudos

Very experienced manager. Excellent long-term returns. Below-average volatility. Modest expenses.

Risks

Emphasis on value-oriented, dividend-paying stocks may hold the fund back in growth-dominated markets. Management's focus on out-of-favor names can occasionally backfire.

Strategy

This offering employs a true-blue approach to value investing. Longtime manager Brian Rogers strives to keep the fund's yield at least 25% higher than that of the S&P 500 Index, and he looks for companies trading cheaply relative to their historic price multiples. This strategy often leads him to load up on traditional value sectors, such as energy and industrial cyclicals, although he's willing to delve into growth-oriented areas such as health care, technology, and telecom when the price is right.

Management

preserve a larger share of its holdings' dividend income--have also kept it in good stead.

All told, we still consider this offering one of the large-value category's best choices.

Returns	Total Return %	+/- Category
06-04	4.55	1.09
2003	25.78	-2.62
2002	-13.04	5.83
2001	1.64	5.70

Fund Family Grade: NA

Role in Portfolio

Core. Given this fund's valuation-sensitive, dividend-focused strategy, conservative investors should be happy here. Consider pairing it with a growth-oriented offering.

Seasoned. Brian Rogers has managed this offering since its 1985 inception. He's backed by T. Rowe Price's deep bench of analysts. In January 2004, Rogers became T. Rowe's chief investment officer. He says he invests a large portion of his assets in the fund.

Inside Scoop

Though some investors have recently come to appreciate the virtues of dividend-paying stocks, this fund's manager has favored them all along. Low price tags and above-average yield are management's calling cards.

Vanguard Windsor Fund Adm VWNEX

Morningstar Take | 04-15-2004
By Christine Benz

It's deja vu all over again at Vanguard Windsor.

David Fassnacht will replace the retiring Chuck Freeman as lead manager of this venerable fund at the end of June. We can't help but be reminded of the hand-wringing that went on when Freeman himself took over for the legendary John Neff at the end of 1995, after the latter had presided over this offering for 31 years.

Freeman, of course, went on to do just fine over the ensuing eight years, and we're feeling pretty good about Fassnacht's prospects, too. A Morningstar study from a few years back showed that a strong-performing fund that loses its manager is apt to continue to deliver good returns, and we see no reason that won't hold true here, too. Fassnacht has worked at this fund's advisor, Wellington Management, for 13 years, and has covered a broad range of industries, from pharmaceuticals to metals stocks, during his tenure. Moreover, Fassnacht will be backed by six analysts--the same deep team that backed Freeman. It's also worth noting that a group of Sanford Bernstein managers runs roughly a third of the portfolio. On the off chance Fassnacht's group stumbles, Vanguard would be free to send a bigger slice of the fund to the Bernstein team.

We don't think that's likely, however. Instead, a more probable scenario is that the fund will continue to exhibit strong but streaky performance, attributable more to its bold style than any specific individual's contribution. The fund has long made a habit of loading up on out-of-favor industries. While the market occasionally takes a while to come around to the managers' way of thinking--and management's cyclical picks can lead to volatility--the team has an admirable record of seeing its bets vindicated. Over the past year, for example, Freeman and his team have

Kudos

A true value fund. No high-P/E stocks hide here. Fund isn't as concentrated as it used to be since Sanford C. Bernstein took over 30% of assets in mid-1999.

Risks

Willingness to build sizable positions in downtrodden names can sting at times. Because of this fund's cheapskate tendencies, it sometimes fares poorly in growth-led markets.

Strategy

Vanguard Windsor likes 'em cheap. Its advisor buys stocks when they've fallen hard. It readily adds to holdings on weakness that it still believes in, and is not shy about grabbing mid-cap names when they look attractive.

Management

David Fassnacht will take over from Charles Freeman, who has been in charge since late 1995, on June 30, 2004. Since mid-1999, Sanford C. Bernstein has managed 30% of the fund's assets. Bernstein is a value shop, but it takes a more made an exceptionally profitable bet on industrial-materials stocks such as Alcoa AA and Eaton ETN , sending the fund into the group's top quintile.

Shareholders have good reason to stay put.

Returns	Total Return %	+/- Category
06-04	3.50	0.04
2003	37.11	8.71
2002	-22.20	-3.33
2001	---	---

Fund Family Grade: 3.8

Role in Portfolio

Core.

diversified approach.

Inside Scoop

This fund prowls deep-value terrain. It buys firms that have fallen on hard times and sticks with them. This penurious style sometimes stings, but in all the fund has delivered strong returns. We don't expect much to change after manager Chuck Freeman retires in June 2004.